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ASEAN To Discuss Economic Cooperation Proposal

OW0203094291 Tokyo KYODO in English 0919 GMT 2 Mar 91

[Text] Jakarta, March 2 KYODO—Malaysian Prime Minister Mahathir Mohamad said Saturday that high-level meetings of the Association of Southeast Asian Nations (ASEAN) will be held in Bandung and Kuala Lumpur in mid-March to discuss the Malaysian-proposed idea of an East Asian economic cooperation group [EAEG].

"Indonesian President Suharto has supported this idea to be implemented as an ASEAN effort. All other ASEAN countries have supported this idea," Mahathir told reporters in Jakarta.

Mahathir, in Jakarta en route to an economic seminar in Bali, said the idea will be discussed among ASEAN countries before other East Asian countries join the talks. "The idea has been proposed to the leaders of Vietnam and People's Republic of China when they visited Malaysia. It seems they can accept it, and so does Japan," Mahathir said.

"I believe Japan will join if ASEAN agrees because Japan has a chance to play a more active role in the region," he said. "Japan is a key factor in the East Asian economic cooperation group."

Mahathir said the idea stemmed from the deadlocked Uruguay Round of multilateral trade talks under the General Agreement on Tariff and Trade (GATT) talks. The four-year Uruguay Round talks failed to reach agreement by the originally set deadline last December due mainly to differences over farm trade problems, and the negotiations have since been resuming on and off.

"Malaysia was disappointed, especially since GATT is very important for free trade. GATT has only put up with the European interests," Mahathir said.

Mahathir said the European economic market seeking integration in 1992 will close trade for other countries. "This will kill the developing countries, especially when there is a possibility that the East European countries will also join the market," Mahathir said.

"We want justice. If we speak alone we will not be heard, therefore we must be united," he said.

Mahathir said the East Asian economic group will not be an economic community or trade bloc that will hamper free trade. The group will only conduct discussions to prepare for world meetings.

Mahathir left Saturday morning for Bali to attend the economic seminar where he and Singapore Prime Minister Goh Chok Tong are among the speakers.

Goh Chok Tong Arrives in Bali for ASEAN Meeting

BK0203131291 Singapore Domestic Service in English 11000 GMT 2 Mar 91

[Excerpt] The prime minister, Mr. Goh Chok Tong, has arrived in Bali for a four-day visit to attend a conference on ASEAN and [words indistinct]. Mr. Goh was met on arrival by the Indonesian minister of defense and security, General Benni Murdani, and the governor of Bali, Dr. Ida Bagus Oka.

The prime minister is one of the key senior officials to address the conference to be opened tomorrow by Indonesian President Suharto. The other two speakers are Malaysian Prime Minister Datuk Sri Dr. Mahathir Mohamed and the former U.S. secretary of state, Dr. Henry Kissinger. This is the first time Mr. Goh addressing an international conference in his capacity as prime minister. Mr. Goh will also attend an informal meeting of the ASEAN heads of government on Monday [4 March] night. [passage omitted]

Watanabe Arrives in Bali for Economic Talks

OW0203145291 Tokyo KYODO in English 1428 GMT 2 Mar 91

[Text] Denpasar, Indonesia, March 2 KYODO—Japan's former finance minister, Michio Watanabe, arrived on Bali on Saturday on the first leg of a nine-day tour of Indonesia, the Philippines, and China.

Watanabe, who heads the fourth largest faction in the ruling Liberal Democratic Party (LDP), will attend a three-day international seminar on regional and world economic issues starting Sunday on Bali.

He is scheduled to talk with Singapore Prime Minister Goh Chok Tong, and Malaysian Prime Minister Mohamad Mahathir on Sunday, and Indonesian President Suharto on Monday, LDP officials said.

Watanabe then will go on to Manila, where he will meet Philippine President Corazon Aquino, before he goes to China for talks with Premier Li Peng.

He is expected to discuss the effects of the Persian Gulf war with the Asian leaders, as well as postwar security arrangements in the Middle East, and Gulf reconstruction plans.

He will return home March 9.

Suharto, Goh Chok Tong Discuss ASEAN Issues

BK0303143891 Jakarta Domestic Service in Indonesian 1200 GMT 3 Mar 91

[Text] President Suharto opened a seminar with the theme ASEAN and the World Economy, Challenges and Reforms, at Nusa Indah Hotel at Nusa Dua, Bali this evening. The seminar is sponsored by the New York-based Asian community and the Jakarta-based Institute of Strategic International Studies, ISIS.

Earlier, President Suharto held a meeting with Singapore Prime Minister Goh Chok Tong. Following is a report by Radio Republic of Indonesia correspondent Hendro Martono from Bali.

[Begin Martono recording] President Suharto and Singapore Prime Minister Goh Chok Tong in their meeting at Nusa Indah Hotel, Bali touched on the issue of the ASEAN meeting. Minister Murdiono clarified to the press that President Suharto and Prime Minister Goh Chok Tong agreed to ask their foreign ministers to hold the ASEAN summit. According to Minister Murdiono, the foreign ministers from other ASEAN member countries would also be involved in the discussion besides their counterparts from Singapore and Indonesia. Accordingly, it would be Singapore's turn to host the next ASEAN summit. Touching on the presence of the ASEAN leaders in Bali, Minister Murdiono stressed that they are here to attend the seminar sponsored by the Asian community. Minister Murdiono clarified that there would be no informal ASEAN summits or any mini-ASEAN summits in Bali. On Indonesia-Singapore cooperation, Minister Murdiono said the two leaders agreed to expedite their development cooperation on Bintan Island, Riau. [end recording]

This morning President Suharto visited the Kartika Plaza Hotel, which was constructed by P.T. Harisma Aryapaksi at the tourism resort of Kude. The 380-room Kartika Plaza Hotel has 554 staf members.

Watanabe Meets Malaysian, Singapore Leaders

OW0303104691 Tokyo KYODO in English 1013 GMT 3 Mar 91

[Text] Denpasar, Indonesia, March 3 KYODO—Malaysian Prime Minister Mahathir Mohamed and Singapore Prime Minister Goh Chok Tong on Sunday expressed concern that Japanese economic assistance to Asian countries may be affected by Japan's financial support for the allied forces in the Persian Gulf.

The Malaysian and the Singaporean leaders expressed the concern in a meeting with former Japanese finance minister Michio Watanabe on the Indonesian island of Bali, sources close to Watanabe said.

Referring to the 13 billion dollars in financial aid pledged by Japan to the coalition forces and the frontline countries hardest hit by economic sanctions against Iraq, Mahathir was quoted as saying that it was not clear how the Japanese Government estimated its share of the financial burden.

Mahathir expressed concern that Japan's financial contribution to the war effort may cause a cut in its assistance to developing countries.

Goh said that the Cambodian issue could be resolved in one year and that in that case Japan would be asked to provide financial aid and send personnel.

If Japan intends to send personnel to troubled spots, it had better do so in the Middle East first, Goh was quoted as telling Watanabe.

However, Goh said if Japan's financial assistance to Asian countries is cut, those countries will not support Japan's sending personnel.

In response, Watanabe, leader of the fourth strongest faction within the ruling Liberal Democratic Party (LDP), stressed that there will be no change in Japanese aid policy for developing nations, saying that Japan will continue to help promote economic development in member nations of the Association of Southeast Asian Nations, according to the sources.

Watanabe said there is an opinion in Japan that the country should send Self-Defense Forces [SDF] personnel to Cambodia to assist in U.N. peacekeeping activities when the 12-year old Cambodian conflict is settled.

Goh replied that he does not necessary reject the dispatch of SDF personnel as Japan's peace cooperation effort.

Mahathir, Goh and Watanabe are in Bali to attend a three-day international seminar on regional and world economic issues.

Watanabe is also scheduled to have talks with Indonesian President Suharto.

Before returning to Japan on March 9, Watanabe will visit Manila, where he will meet Philippine President Corazon Aquino, and then visit China for talks with Premier Li Peng.

Watanabe Discusses Aid With Malaysian Premier

OW0303064991 Tokyo KYODO in English 0603 GMT 3 Mar 91

[Text] Denpasar, Indonesia, March 3 KYODO—Malaysian Prime Minister Mahathir Mohamed said Sunday he is concerned that Japanese economic assistance to developing nations may be cut to provide financial support for the allied forces in the Persian Gulf. The Malaysian leader expressed the concern in a meeting with a former Japanese finance minister, Michio Watanabe, on the Indonesian island of Bali, sources close to Watanabe said. Referring to 9 billion dollars in financial aid pledged by Japan to the coalition forces, Mahathir was quoted as saying that it was neither clear how the Japanese Government estimated its share of the financial burden, nor the recipients of the aid.

In response, Watanabe, leader of the fourth strongest faction of the ruling Liberal Democratic Party (LDP), stressed that there will be no change in Japanese aid policy for developing nations, saying that Japan will continue to help promote economic development in member nations of the Association of Southeast Asian Nations, according to the sources.

Mahathir and Watanabe are in Bali to attend a three-day international seminar on regional and world economic issues.

Watanabe is also scheduled to have talks with Indonesia's President Suharto, and Singapore Prime Minister Goh Chok Tong. Before returning to Japan on March 9, Watanabe will visit Manila, where he will meet Philippine President Corazon Aquino, and then visit China for talks with Premier Li Peng.

Leaders Hold Informal Pre-Conference Meeting

BK0303142491 Hong Kong AFP in English 1227 GMT 3 Mar 91

[Text] Nusa Dua Beach, Indonesia, March 3 (AFP)—The leaders of Indonesia, Brunei, Malaysia and Singapore held informal talks on regional issues here Sunday ahead of a conference on the future of ASEAN, regional diplomats said.

Indonesian President Suharto discussed plans for an Association of Southeast Asian Nations (ASEAN) summit with Singapore Prime Minister Goh Chok Tong, said Indonesian State Secretary Murdiono, who attended the meeting.

Mr. Murdiono said that the talks covered the timing and issues for a summit, the fourth that ASEAN leaders will hold since the regional group's formation in 1967.

The regional group, which also includes the Philippines and Thailand, whose heads of governments were not here, has held earlier summits in Bali, Kuala Lumpur and Manila.

Regional diplomats have said that the Singapore summit, scheduled for the end of this year, will mostly focus on expanding economic cooperation among the six ASEAN members.

Mr. Suharto held bilateral talks with Malaysian Prime Minister Mahathir Mohamad in Jakarta on Friday and met with Brunei's prime minister, Sultan Hassanal Bolkiah, here Saturday.

The four ASEAN leaders also met informally early Sunday when Mr. Suharto inaugurated 75 hotels across Indonesia.

Mr. Murdiono said that the informal meetings at this beach resort were not an "unofficial or mini summit," adding that it was normal for ASEAN leaders to meet informally whenever together.

Analysts said that Mr. Murdiono's statement was intended to reassure the Philippines and Thailand that no substantative issues affecting the region would be decided upon here.

The four ASEAN heads are here to attend a three-day seminar on ASEAN and the world economy and the group's economic prospects organised by the New York-based Asia Society.

President Suharto was to open the seminar late Sunday while Mr. Goh and Dr. Mahathir were scheduled to address the conference Monday. Some 1,000 delegates from 20 countries, including Japan, the United States, Britain and South Korea, will attend the seminar.

A Malaysian government spokesman said that Dr. Mahathir also met separately with former U.S. Secretary of State Henry Kissinger and former Japanese Finance Minister Michio Watanabe.

The seminar will debate ASEAN's economic prospects amid concern over recessionary conditions in some of its western markets such as the United States, the emergence of a single market in Europe and the proposed U.S.-Mexico-Canada free trade area.

Diplomats said that the ASEAN leaders have been informally discussing a proposal by Dr. Mahathir for an East Asian economic grouping to further the economic interests of the ASEAN members and countries such as Japan and South Korea.

A spokesman for the organisers of the seminar here said the discussions would help prepare the ground for the Singapore summit.

Mahathir on EAEG at International Conference

BK0403144391 Kuala Lumpur Domestic Service in English 1330 GMT 4 Mar 91

[Text] The proposed East Asia Economic Grouping, EAEG, mooted by Prime Minister Datuk Sri Dr. Mahathir Mohamed has began to achieve positive response from Europe and the United States despite initial negativism concerning its set up. ASEAN has also understood its concept and supported it. The prime minister said that what remains is for ASEAN to formally propose the concept to the East Asian Nations outside of ASEAN, and this is the task of all ASEAN nations.

He was addressing participants of an international conference in Den Pasar, Bali tonight. In his 30-minute keynote address, Datuk Sri Dr. Mahathir underlined the principles of the grouping to promote trade and increase free trade and it is wrongly feared that it would amount to a trade bloc. He said that he would emphasize that it is not intended to be a trade bloc. Regional economic groupings are acknowledged as legitimate means for neighbors in the region to improve their economic well-being. He said accordingly, preferential treatment and the removal of trade barriers between a group are legitimate and proper.

Opening the three-day conference of ASEAN and the world economy last night, President Suharto of Indonesia hinted that the EAEG would become a reality soon after receiving ASEAN consensus. Citing the countries of Europe and America as having a reputation for economic arms twisted, Dr. Sri Dr. Mahathir stressed that East Asian nations should not form a trading bloc though he could not stop the slide towards controlled and regulated international commerce. To stop the slide and to preserve free trade, he wanted the countries of East Asia, noted as one of the most dynamic economies in the world today to at least speak its one voice. He noted that it would be impossible to achieve this unless there was consultation or some form of grouping.

In his his address entitled: From Confrontation To Cooperation; ASEAN Agenda For Productive Peace, he said the free trade arrangement between ASEAN is impossible at this point. There is too much disparity in its development. Datuk Sri Dr. Mahathir said a formal grouping intended to facilitate consultation and consensus prior to negotiating with Europe or America, or its multi-investment forum, such as GATT [General Agreement On Traiffs and Trade] is not too far-fetched an idea.

The prime minister said it is designed not against GATT's principles nor will it run contrary to membership in such organization as APEC [Asia-Pacific Economic Cooperation], in which the U.S. and Canada are members.

Datuk Sri Dr. Mahathir, who was explaining the proposal before an international audience for the first time, asked what expense [words indistinct] is an initiative in rescuing the free trade system of the world.

More than 1,000 participants packed the newly-opened convention hall at the prestigious new five-star hotel in Bali to listen to the prime minister. They included Singapore Prime Minister Goh Chok Tong, and world corporate leaders, conflicting countries invited to the conference organized by the New York-based Asia Society. [sentence as heard]

Datuk Sri Dr Mahathir (?expects) the grouping would be listened to because of excess in its favor, such as marketing, technology and experience. Another prospect was that its membership will remind members of their responsibility to the developing world. It is a concerted effort [word indistinct] the need to boost the economic growth of each individual members, and indeed it would help the developing world generally. He also believed that the mere existence of the group, backed as it was by the massive combined economic strength of the members, would help to retard the slide towards trade blocs and protectionism.

Watanabe Assures No Militarist Revival in Japan

OW0403131391 Tokyo KYODO in English 1232 GMT 4 Mar 91

[Text] Denpasar, Indonesia, March 4 KYODO—Senior Japanese conservative politician Michio Watanabe assured Asian nations Monday that Japan would never be a major military power again but would continue to assist in their economic development.

"I am saddened by the fact that some of our Asian neighbors continue to worry about a revival of militarism in Japan," said Watanabe, a former finance minister and one of the powerful factional leaders of Japan's ruling Liberal Democratic Party. Any knowledgeable observer of the Japanese people can easily recognize that there is no possibility of this, Watanabe told a conference on Asian and world economic prospects.

Japan's response to the Persian Gulf war is ample proof of his assertion, Watanabe said, citing as an example the fact that Japan had not dispatched military personnel to the area, though this was what the government of Prime Minister Toshiki Kaifu had initially planned. The plan met strong resistance from opposition parties and was killed by the powerful House of Representatives last November.

In this connection, Watanabe also noted Japan's insistence that the 11 billion dollars it has pledged to the U.S.-led coalition in the war against Iraq be used for noncombat purposes.

The Japanese people are not at all interested in becoming a military power again, Watanabe said. "We will continue to follow the principle enshrined in our Constitution of maintaining only defensive capabilities," he said.

Watanabe made the remarks after meeting with Indonesian President Suharto earlier in the day.

In his address at the conference on this Indonesian resort island of Bali, Watanabe said Japan will not sacrifice official development assistance (ODA) for Asian nations in order to help rebuild the economies of Gulf countries hard hit by the war. "I must stress that there will be no change in Japan's ODA policy for ASEAN (the Association of Southeast Asian Nations)," he said. Japanese development assistance for ASEAN countries will definitely not be diverted to the Persian Gulf, he said.

The heads of government of four ASEAN members—Indonesia, Malaysia, Singapore and Brunei—attended the three-day meeting ending Tuesday and also held bilateral talks. The other two members are the Philippines and Thailand, whose leaders were absent from the session.

Watanabe denied Japan is using aid for developing countries as a way to influence them. "Some people in ASEAN countries feel that Japanese Government loans are, to a certain degree, a kind of economic imperialism—that we use them as a means to exert economic and political influence," he said. "On this point I cannot agree at all. First of all, loans and grants are given only after being requested by the recipient country. Moreover, virtually all our loans are untied," Watanabe said.

He said he strongly favors helping Vietnam revitalize its economic base and become an active participant in the global economy. He paid tribute to Indonesia for increasing aid to Vietnam and also praised Thailand for helping bring Vietnam, as well as Laos and Cambodia, into the global economy. Vietnam has great economic potential, backed by its hard-working population of 65 million [words indistinct] high literacy rate, he said.

Watanabe expressed concern that some ASEAN nations may see a stronger Vietnamese economy as something of a [words indistinct] such fears have no basis, however, as the Vietnamese economy is a good 15 to 20 years behind those of ASEAN nations, he said. The people of that country have a long road to travel, and they should not be perceived as an economic threat to the region, he said.

Watanabe, chairman of a Japanese-Indonesian parliamentary group promoting bilateral friendship, is scheduled to visit the Philippines and China from Tuesday.

Suharto Supports Japan's UN Peacekeeping Role

OW0403130191 Tokyo KYODO in English 1244 GMT 4 Mar 91

[Text] Denpasar, Indonesia, March 4 KYODO—Indonesian President Suharto on Monday indicated his general support for the use of Japanese personnel abroad in United Nations peacekeeping missions, Japanese officials said.

Suharto told Liberal Democratic Party faction leader Michio Watanabe Japan's desire to contribute personnel to such efforts would not conflict with Indonesia's foreign policy objectives, the officials said. Suharto, however, did not mention the use of Japanese Self-Defense Forces personnel, the officials said.

Prime Minister Toshiki Kaifu last year proposed sending Japan's noncombat troops, transport planes and supply ships to trouble spots abroad as part of Japan's assistance to the U.N. peacekeeping activities. But the proposal met with strong opposition in the Diet and was killed by the House of Representatives.

Watanabe, a faction leader in Japan's governing Liberal Democratic Party and a former finance minister, handed Suharto a personal letter from Kaifu underscoring Japan's commitment to economic cooperation with Asian nations following the Persian Gulf war, the officials said.

Suharto was also quoted as telling Watanabe that industrial nations should not sacrifice Asian countries in order to rebuild the war-torn Gulf region.

Malaysian Prime Minister Mahathir Mohamed and Singapore Prime Minister Goh Chok tong expressed the same concern when they met Watanabe on Sunday.

Suharto also said it would be difficult to separate the Middle East peace problem and the Palestinian issue. The Indonesian president said the five permanent members of the U.N. Security Council should urge Israelis and Palestinians to recognize the other's sovereignty, the officials said.

Watanabe is in Bali to attend a three-day international seminar on regional and world economic issues.

Leaders of Brunei, Indonesia, Malaysia and Singapore are also attending the session.

Watanabe will visit Manila to meet with Philippine President Corazon Aquino and then travel to China for talks with Premier Li Peng before returning to Japan on Saturday.

Japan Urges ASEAN With Expand Trade To SRV

BK0403130591 Hong Kong AFP in English 1224 GMT 4 Mar 91

[By Mervin Nambiar]

[Text] Nusa Dua Beach, Indonesia, March 4 (AFP)—A senior Japanese politician Monday urged non-communist Southeast Asia to renew and expand trade and other economic ties with Vietnam, ostracized since Hanoi's December 1978 invasion of Cambodia. Michio Watanabe, who heads a powerful faction of Japan's ruling Liberal Democratic Party, said that an economically stronger Vietnam should not be viewed as a potential threat to the six-member Association of Southeast Asian Nations (ASEAN).

"Such fears have no basis as the Vietnamese economy is a good 15 to 20 years from catching up with the ASEAN nations," said Mr. Watanabe, who has served as Japan's trade and industry and finance minister.

Mr. Watanabe was addressing a seminar organised by the New York-based Asia Society on ASEAN's economic prospects. The regional association formed in 1967 groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Some 1,000 government officials, businessmen and academics from 20 countries were attending the seminar, among them Malaysian Prime Minister Mahathir Mohamed and Singapore Premier Goh Chok Tong.

ASEAN slapped an unofficial embargo on economic links with Vietnam and urged countries such as Japan and Australia to steer clear of Hanoi after its invasion of Cambodia to oust the Marxist Khmer Rouge regime. But in recent years individual members, among them Thailand and Malaysia, have reopened trade and other links with Hanoi, signalling an unofficial end to Vietnam's isolation, analysts noted.

Dr. Mahathir, speaking after Mr. Watanabe, said that Malaysia encouraged "the fullest private sector participation with the non-ASEAN states of Southeast Asia."

He said that Southeast Asia was no longer a battleground. "Let us proceed as fast as we possibly can to turn it into one prosperous marketplace," he said.

Mr. Watanabe said that Vietnam's official claim to have withdrawn all its troops from Cambodia by September 1989 justified a new look at investment and trade opportunities in the Indochinese state. He said that a sharp increase in Japan's trade with Vietnam could occur this year with a restoration of insurance coverage for bilateral dealings. "We know that Vietnam has been trying to liberate and open its economy more so than China," Mr. Watanabe said, adding that these moves had won praise from the International Monetary Fund.

During talks with Indonesian President Suharto here earlier Monday, Mr. Watanabe said he discounted suggestions that ASEAN's share of Japan's investment and official development assistance (ODA) might shrink as Tokyo contributed to the post-war reconstruction of the Gulf. "There is no need for ASEAN to be concerned," he said after handing over a personal message from Japanese Premier Toshiki Kaifu to Mr. Suharto. Mr. Watanabe said that ASEAN now received 32 per cent of Japan's total ODA disbursements.

Other Japanese delegates here have also sought to allay similar fears, including concern that ASEAN would in the future have to compete against Eastern Europe and the Soviet Union for Japanese aid and investment.

Eiichi Matsumoto, vice-chairman of the Bank of Tokyo, said he did not expect immediate large-scale Japanese investment in the Soviet Union despite Soviet President Mikhail Gorbachev's reforms. "Ultimately, Japanese companies will not do anything unless it benefits them," Mr. Matsumoto said.

Indonesia, Australia Back PRC in Economic Group

BK0403074091 Hong Kong AFP in English 0710 GMT 4 Mar 91

[By Mervin Nambiar]

[Text] Nusa Dua Beach, Indonesia, March 4 (AFP)—Indonesia and Australia said Monday that a fledgling economic group of Pacific rim nations was moving quickly towards the early inclusion of China, Hong Kong, and Taiwan despite political difficulties.

Indonesian Foreign Minister Ali Alatas said that the Australia-initiated Asia Pacific Economic Cooperation (APEC) group was holding consultations to include the three Chinas at future meetings because of their economic importance.

Hong Kong's return to Beijing rule in 1997 and Beijing's insistence that Taiwan must eventually revert to China have stood in the way of APEC's plan to incorporate them and China in an expanded programme of economic cooperation.

"I think in practical terms we can for the time being separate politics and economics," Mr. Alatas told a seminar here debating the future of the six member Association of Southeast Asian Nations (ASEAN).

APEC, which held its first ministerial meeting in Canberra in November 1989, now includes the ASEAN members, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand as well as Australia, New Zealand, South Korea, Canada and the United States.

Australian Secretary for Foreign Affairs and Trade Richard Woolcott told the seminar which opened Sunday that APEC had reached consensus on the need for participation by China, Hong Kong and Taiwan.

Mr. Alatas said that APEC members felt that economic importance and linkages, rather than politics, should be the sole criteria for membership of the group scheduled to hold its third ministerial meeting in South Korea in mid-October.

South Korean Foreign Ministry officials said in Seoul on Monday that some 120 senior officials from the APEC countries would begin talks in the resort island of Cheju Tuesday to iron out details for the October meeting including whether to admit China, Hong Kong and Taiwan.

Mr. Woolcott said that fears that the United States and Canada and the European Community might become "more inward looking" because of the stalled GATT negotiations had resulted in some pressure on APEC to evolve into a trade bloc. "But we hope this will not happen," he said.

General Agreement on Tariffs and Trade Director-General Arthur Dunkel announced in Geneva last week that the GATT Trade Negotiations Committee, leading negotiations for a new round of tariff cuts, had resumed talks.

Malaysian Prime Minister Mahathir Mohamed proposed the formation of a new East Asian Economic Group after suspension of the GATT talks in December.

Malaysian officials have said that the group would help protect the region's economic interests as Western Europe merges into a single market next year and the United States moves to form a free trade area with Canada and Mexico. They said that the group, with membership restricted to East Asian countries, would not include the United States, Canada, Australia or New Zealand.

Some 1,000 government and business leaders, among them Dr. Mahathir and Singapore Premier Goh Chok Tong, are attending the three-day seminar here organised by the New York-based Asia Society.

Mr. Alatas did not refer to the Malaysian proposal which has received lukewarm response from Indonesian officials, but he said that Jakarta was satisfied that APEC was on "the right course and approach."

He said that projects agreed upon by APEC included plans to promote trade and investments among member countries, the development of human resources and cooperation in energy and controlling pollution.

Officials Review Fishing Treaty With U.S.

BK0303071091 Melbourne Overseas Service in English 0500 GMT 3 Mar 91

[Text] Officials from 16 South Pacific nations have gathered in Honiara to review progress under the United States-South Pacific Fishing Treaty signed in 1988. Radio Australia's South Pacific correspondent, Jemimah Gareth, says Washington has promised a total payment of $(?16) million during the five-year treaty period.

[Begin Gareth recording] The historic treaty which brought an end to the so-called tuna wars with the United States was the South Pacific's first and as of (?now) its only multilateral fishing deal. It is intended to regulate fishing rights and payment.

During more than a week of talks, officials will meet to review progress [words indistinct] year of operation. They will then present their findings to officials from the U.S. State Department before going on to their first discussions on a new treaty to replace the current one which expires in 1993.

The meeting is being held [words indistinct] Foreign Fisheries Agency. [end recording]

Japan

Diet Approves $9 Billion Gulf Aid Package

OW0603082591 Tokyo KYODO in English 0811 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—A supplementary budget for fiscal 1990 and a package of bills to fund the 9 billion dollars, or 1.17 trillion yen, in additional assistance Japan pledged to the U.S.-led multinational forces deployed in the Persian Gulf were enacted Wednesday after being approved by the House of Councillors.

The ruling Liberal Democratic Party (LDP) and the two centrist opposition parties—Komeito and the Democratic Socialist Party (DSP)—voted for the measures at an upper house plenary session.

The largest opposition Social Democratic Party (SDP), formerly known as the Japan Socialist Party, the Japanese Communist Party and the Rengo Sangiin voted against the budget and the bills, saying Japan's sharing the war costs of the coalition forces violates its pacifist constitution.

The 1.13-trillion-yen supplementary budget and the bills to issue national bonds and to raise corporate and petroleum taxes to finance the aid were approved by the more powerful House of Representatives on February 28.

The government and the LDP dropped a plan to increase the cigarette tax and incorporated measures to reduce government expenditures, including defense spending, to win the support of the Buddhist-backed Komeito, which holds the swing vote in the opposition-controlled upper house.

Prime Minister Toshiki Kaifu told the Diet that the 9 billion dollars will be paid through the Gulf Cooperation Council (GCC) for use in the fields of transportation, medicine, and food supplies.

Japan has disbursed or pledged a total of 11 billion dollars in financial assistance to the multinational forces and 2 billion dollars in economic aid to the frontline nations hit hard by the Gulf crisis.

Aid Shrinks to $8.6 Billion

OW0603131291 Tokyo KYODO in English 1259 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Japan will be contributing 8.6 billion dollars at the prevailing exchange rate to the anti-Iraq multinational forces instead of 9 billion dollars committed in late January, according to the terms of the budget adopted in the Diet on Wednesday.

The House of Councillors approved a 1.17 trillion yen budget for the additional financial contribution to defray war costs incurred by the U.S.-led allies in the Persian Gulf war.

The upper house move completed the legislative procedure necessary for the government of Prime Minister Toshiki Kaifu to disburse the money.

A senior Foreign Ministry official said the calculation of the aid budget is denominated in yen and with a dollar worth 130 yen the 1.17 trillion yen sum is considered "worth 9 billion dollars." But 1.17 trillion yen is worth only 8.6 billion dollars when calculated by Wednesday's exchange rate of 136 yen to the dollar.

The Japanese Government has obtained Washington's understanding on that arrangement, the official said, speaking on condition of anonymity.

The aid was pledged in a late January meeting between Japanese Finance Minister Ryutaro Hashimoto and U.S. Treasury Secretary Nicholas Brady in New York. He said at the time of the previous 2 billion dollars of cash aid to the allies extended last fall, the assistance was also yen-denominated.

Foreign Ministry officials have said it would take a week or so for the money to be disbursed after the Diet passage, as in the case of the previous donation made last year.

Kaifu on Aid Approval

OW0603125391 Tokyo KYODO in English 1237 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Prime Minister Toshiki Kaifu heaved a sigh of relief following parliament's approval Wednesday of funds for the U.S.-led multinational forces deployed in the Persian Gulf, and then met with advisers to discuss Japan's role in peacekeeping operations.

"What a relief," Kaifu told reporters after the opposition-dominated House of Councillors voted in favor of a package of bills to fund the "9 billion dollar" contribution, one week after the hostilities ceased.

The fund approved by the Diet is 1.17 trillion yen, or 8.6 billion dollars at Wednesday's exchange rate of 136.55 yen to the U.S. currency.

A senior Foreign Ministry official said Japan pledged to contribute the yen equivalent of 9 billion dollars at a rate of 130 yen to the dollar. That was the prevailing rate when Finance Minister Ryutaro Hashimoto and U.S. Treasury Secretary Nicholas Brady worked out the arrangements in New York in late January.

After the bill cleared the upper house, Kaifu immediately headed into a meeting with his top aides to discuss new legislation that would enable Japan to assist in United Nations peacekeeping operations. It is unclear whether the proposals will be ready in time for participation in possible U.N. operations following the Persian Gulf war.

The plan is being worked out by the ruling Liberal Democratic Party (LDP) in conjunction with two centrist opposition parties, Komeito and the Democratic Socialist Party, to facilitate Japanese cooperation with the U.N. in monitoring ceasefires and observing elections.

The three parties agreed to work together on a bill last fall after an earlier version was killed in parliament over opposition objections to the overseas dispatch of Self-Defense Forces personnel. Officials have said that significant progress on the bill would not be possible until the 9 billion dollar donation was cleared.

The government has indicated it is keenly aware that lengthy debates over the funds have hindered Japan from keeping pace with the flurry of post-Gulf war diplomacy in the West.

U.S. President George Bush is slated to hold summits with leaders of Canada, France, and Britain in the near future to discuss reconstruction in the Gulf area.

Asked on Tuesday about the apparent absence of urgency for a planned Japan-U.S. summit—which was put on hold due to the Gulf war—chief Cabinet spokesman Misoji Sakamoto said Japan would first have to approve the 9 billion dollar contribution, and then Foreign Minister Taro Nakayama would go to Washington.

The money was assured Wednesday when a House of Councillors plenary session passed the package of bills to issue national bonds, and raise corporate and petroleum taxes to fund the contribution. The finances were approved by the House of Representatives, where the LDP has a majority, on February 28.

Kaifu told reporters the support for the legislation demonstrates domestic consent for Japan's major financial role in the international arena. "There is a division of roles in the international community. Since Japan cannot offer military power we will do our share where we can," he said.

The bills were agreed to by the LDP, Komeito, and the Democratic Socialist Party but were rejected by the leading opposition party, the Social Democratic Party, formerly the Japan Socialist Party.

Domestically, political reform remains a top priority for Kaifu, who became prime minister 18 months ago to boost the party's image following a series of sex and financial scandals. Political analysts said Kaifu is unlikely to remain in office beyond October when his two-year term expires.

Aid-for-Arms Control Proposal 'Strategic Dud'

OW0603113591 Tokyo KYODO in English 1042 GMT 6 Mar 91

[By Jocelyn Ford]

[Text] Tokyo, March 6 KYODO—Japan's homegrown plan to thwart the possible emergence of another Saddam Husayn by linking its economic assistance to limits on military spending and arms exports is a nice idea but a strategic dud, say aid officials and analysts.

The plan is certain to appeal to Japanese taxpayers, many of whom in the aftermath of the Persian Gulf crisis have sought to reaffirm Japan's war-renouncing Constitution and the government's ban on weapons exports, say political analysts.

But the novel aid-for-arms-control strategy would be at best difficult to implement, and if unilaterally imposed could interfere with the balance of power in some regions while impeding attempts to promote stability through economic development, aid officials say.

Moreover, the policy could antagonize Japan's relations with some of its most important diplomatic partners, notably China, the No. 4 arms exporter to the developing world, according to the Stockholm International Peace Research Institute.

The concept of using development aid to disarm potential Third World aggressors surfaced last week as lawmakers began to reflect on Japan's responsibility for the conflict in the Gulf as Iraq's largest aid donor.

In 1987 Japan accounted for 89 percent of Iraq's total 79 million dollars in aid receipts. Meanwhile, Baghdad was devoting nearly a quarter of its gross domestic product (GDP) to military expenditures in 1988, according to estimates by the authoritative International Institute for Strategic Studies (IISS). GDP measures the economy's total output of goods and services, minus foreign income.

So far Prime Minister Toshiki Kaifu and the ruling Liberal Democratic Party (LDP) have endorsed the suggestion that Tokyo investigate ways to curb official development assistance (ODA) to nations that export arms or spend excessive amounts on defense vis-a-vis GDP.

The plan would also further the government's goal of introducing clearer guidelines for Japan's burgeoning aid disbursements, which though the largest in the world are often criticized for lacking in aims.

"This could be a major development in fleshing out ODA principles, but it will have to be managed so that it doesn't cause international friction," said a member of the LDP Secretariat in charge of foreign policy.

So far, the proposals have been given a cool reception by aid bureaucrats, who say there are no viable criteria for assessing appropriate levels of defense for a nation, and the plan would trigger accusations of meddling in domestic affairs.

Besides, says an official involved with Japan's foreign aid program, such a plan could considerably decrease the volume of Japanese aid, Japan's most potent foreign policy tool.

Japan is a big lender to some big arms spenders. Among the top 10 recipients of Japanese aid four spend more than 4 percent of GDP on the military—Pakistan (6.7 percent), Egypt (6.2 percent), Sri Lanka (5.6 percent), and Thailand (4.4 percent), according to IISS estimates. Third World arms exporters who receive substantial economic aid include Brazil, Egypt, and China, the second largest beneficiary of Japanese ODA.

"My personal opinion is that this policy should be applied on a case-by-case basis with a high degree of flexibility," says the aid official, who requested anonymity. "When it comes to promoting peace, economic development is much more important than expenditures on the military."

The plan could be effective if pursued in tandem with international arms control efforts, but would be counterproductive if pursued unilaterally, several aid experts concurred.

"In Asia there is no mechanism for arms control. It is unrealistic to promote disarmament by ODA without first promoting comprehensive arms control," said a Foreign Ministry official in charge of economic cooperation.

Japan so far has shied away from proposals to hold multilateral talks on regional security, saying bilateral issues such as Japan's territorial dispute with the Soviet Union, and the Cambodian conflict should be solved first.

Developing countries are certain to call foul play if they are asked to curb weapons exports while those by major industrialized countries remain unfettered.

If the ODA-arms link is successfully forged into a viable policy, however, it would represent a departure from Japan's usual complacency of leaving international security concerns to other nations. Equally important, it would mark a distinctly Japanese contribution to international efforts to create a more secure world order in the post-cold war period, and one that is based on Japan's own experience.

Japan's economic success has been attributed in part to the country's security pact with the United States, which allowed Japan to pursue economic development without diverting excessive resources to defense. Defense expenditures hover around 1 percent of Japan's gross national product (GNP), among the lowest in terms of GNP among industrialized countries.

The success story, however, has inspired few followers in the developing world, says Nobuo Maruyama of the Institute of Developing Economies, a semigovernmental think tank.

Many developing countries regard military expenditure as a first step toward economic development, says Maruyama, a senior research officer of the institute's economic cooperation division.

"As long as (foreign governments) request ODA, we have a right to ask them to harmonize with our basic principles," Maruyama says. "This is a good opportunity to change their mentality."

Embassy in Kuwait Gives Americans Refuge

OW0603080691 Tokyo KYODO in English 0646 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—The Foreign Ministry confirmed Wednesday that the Japanese Embassy in Kuwait gave refuge to a number of U.S. nationals during the first days of the Persian Gulf crisis last August.

The ministry had earlier remained silent about the matter, despite receiving a letter from U.S. Secretary of State James Baker in late August formally thanking Foreign Minister Taro Nakayama for the embassy's "humanitarian assistance."

Officials explained there was concern that making the matter public, even after the Americans had left their hiding place, might lead to reprisals against Japanese citizens by the Iraqis.

According to the ministry, shortly after Iraq's August 2 invasion of Kuwait, the U.S. Embassy there requested the Japanese Embassy to provide refuge for 16 of its personnel, as well as women and children living in the vicinity.

Since foreign residents in Kuwait feared being taken into custody by Iraqi forces if they were seen in public, the Japanese Embassy, which is some distance from the U.S. Embassy, provided a safe haven for the Americans from August 4 to 13. The 16 Americans were later joined by another U.S. national as well as a Canadian and Briton.

On August 13, the group was smuggled past Iraqi personnel and taken back to the U.S. Embassy.

While Japanese were venturing out during the day to shop for food and goods, the Iraqi Government had issued orders that Americans were to be forcibly detained as "guests" in a Kuwait hotel.

Japanese staying at the embassy feared reprisals from the Iraqi Government if it was discovered that the embassy was hiding the group, but agreed among themselves to say nothing that might lead to their discovery.

A Japanese woman who was holed up in the embassy at the same time said "we were told that when we looked at the Americans, we should only see the wall, and were forced to remain silent." "We stayed in a basement room with the Americans and shared the same cooking facilities, but were separated by a glass partition. One night I could hear them singing the U.S. national anthem and the next day they were gone," she said.

LDP Leader To Visit Middle East 'Next Week'

OW0603123991 Tokyo KYODO in English 1228 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Ichiro Ozawa, secretary general of the ruling Liberal Democratic Party [LDP], will visit the Middle East next week to exchange views with Arab leaders on the political framework for stability in the region after the end of the Persian Gulf war and strengthening relations with Japan, party officials said Wednesday.

Ozawa was requested to pay a visit to the region in a meeting with Arab envoys from Egypt, Saudi Arabia, Kuwait, and Syria. The four envoys said they appreciated Japan's contribution to the Gulf.

Ozawa said Japan cannot manage state affairs without cooperation from Gulf countries and called for expanded relations with Middle East countries, the officials said.

Travel Restrictions on Pakistan, Iran Lifted

OW0603104491 Tokyo KYODO in English 1001 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—The government Wednesday withdrew its recommended travel restrictions on Pakistan, Iran, and Tunisia issued after the Persian Gulf war broke out January 17, the Foreign Ministry said.

The ministry said the government also lifted a caution advisory on travel to Greece. The move has come six days after the ceasefire in the Gulf war.

But the government warnings still remain valid for Iraq, Kuwait, and Jordan for residents, sightseers, and business persons.

On Tuesday, the government lifted similar travel restraints on other countries in the Persian Gulf region, the Middle East, and Africa.

LDP Group Visit to Sakhalin Postponed 1 Week

OW0603080491 Tokyo KYODO in English 0645 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—A visit by a delegation of the ruling Liberal Democratic Party (LDP) to the Soviet Far East island of Sakhalin, scheduled to begin March 12, has been put back to the following week, the party said Wednesday.

The visit will now take place from March 19 to 22. The delay is at the request of the authorities in Sakhalin, who said preparations for the visit have not been completed, it said.

Ministry Says Aid to USSR To Resume 'Soon'

OW0603104591 Tokyo KYODO in English 1004 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Japan will implement its pledge to the Soviet Union soon to extend grants and loans that have been suspended because of Moscow's military crackdown on the independence movements in the Baltic republics in January, a senior Foreign Ministry official said Wednesday.

Nagao Hyodo, director general of the ministry's European and Oceanic Affairs Bureau, made the remarks at a session of the Foreign Affairs Committee of the House of Representatives.

The government approved in December 100 million dollars worth of credit as emergency assistance to the Soviet Union to help it overcome food shortages and 1 billion yen for food and medical supplies through the Red Cross and other international organizations.

Hyodo said Japan called on the Soviet Union to extend Soviet President Mikhail Gorbachev's visit scheduled for April 16-19 by two days, but the Soviets turned down the idea.

Business Group To Hold Soviet Science Seminar

OW0503143291 Tokyo KYODO in English 1413 GMT 5 Mar 91

[Text] Tokyo, March 5 KYODO—The Japan-Soviet Business Cooperation Committee said Tuesday it will open a seminar and exhibition on science and technology from the Soviet Union next week in Tokyo. The Soviet State Committee for Science and Technology is cosponsoring the seminar, the first of its kind in Japan, the business committee said.

Some 50 leading technologies in machinery and electronics will be exhibited for three days beginning next Tuesday. Sessions explaining the new technology will also be conducted by Soviet engineers and experts, they said.

According to the Japanese sponsor, the Soviet Union, now shifting its technological focus to nonmilitary applications, is actively promoting exchanges with Western-bloc nations, including Japan. The seminar is also designed to demonstrate Soviet technology ahead of Soviet President Mikhail Gorbachev's scheduled visit to Tokyo next month, they added.

The business committee is jointly organized by the Federation of Economic Organizations (Keidanren) and other Japanese business groups.

Ministry To Study Asian Aid After Gulf War

OW0603132691 Tokyo KYODO in English 1313 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—The Finance Ministry will study financial aid to Asian nations hard hit by the Persian Gulf war, such as the Philippines and India, ministry sources said Wednesday.

The sources said details of such aid will be formulated on a bilateral basis to reflect economic difficulties each nation faces.

Among options to be discussed will be an increase in low-interest yen loans known as yen credit, they said, without elaborating further.

Many Asian nations have fallen victim to the Gulf crisis that began with Iraq's invasion of Kuwait last August, which forced many Asian people working in Kuwait to lose their jobs and thus cut remittances to their home countries.

For instance, Bangladesh has lost about 530 million dollars in foreign earnings due to the suspension of remittances from its workers in Kuwait. In the case of India, the figure is estimated at about 2.9 billion dollars, the sources said.

Reaction to Bank of Japan Quarterly Report

Monetary Policy Change Said Likely

OW0503125491 Tokyo KYODO in English 1207 GMT 5 Mar 91

[Text] Tokyo, March 5 KYODO—Japan's current economic conditions appear to be accommodative for an easing of the central bank's monetary policy, Taizo Hashida, chairman of the Federation of the Bankers' Associations of Japan, said Tuesday.

Hashida, also chairman of Fuji Bank, made the comment at a regular press conference about the so-called "tankan" quarterly report on business sentiment released earlier in the day by the Bank of Japan. Hashida said the report led him to believe that signs of tight monetary policy by the central bank have been noticeable in the nation's economy.

The economic situation has apparently come to a point where changes in monetary policy can be done relatively easily, he said, hinting at a cut in the official discount rate by the Bank of Japan in not so distant a future. But the policy change should be made after a careful study of land prices and the demand-supply situation for labor and products, he added.

The central bank reported the business confidence index for major manufacturers remained on a downward path, falling to 39 from 42 in the previous survey, showing corporations are becoming less optimistic about their business prospects in the coming fiscal year.

Hashida said the index figure was better than he had expected, but corporate profits and capital investment prospects were considerably bleak.

Asked about the central bank's unofficial controls on lending in Japan known as "window guidance," Hashida said corporations who have felt a squeeze for funds will find the situation more difficult in the April-June period, the first quarter in fiscal 1991.

The growth amount of lending by the central bank in the January- March period fell about 30 percent from the same period last year, he said. This level is already "tough" for banks, he said, expressing hopes for an easing of controls.

Concern Over Inflationary Pressure

OW0603080991 Tokyo KYODO in English 0739 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno on Wednesday reinforced his concern about persistent upward pressure on prices, indicating the central bank will continue its tight monetary stance.

Speaking at a press conference, Mieno said: "The recent rises in wholesale and consumer prices stem partly from higher costs of labor and transportation," which have yet to peak out.

The central bank chief, commenting on the BOJ's quarterly report on business sentiment released Tuesday, said the survey, despite its weaker results, points to a strong economy. He ruled out the possibility of a sudden downturn in economic growth.

The BOJ's so-called "tankan" survey found the central bank's closely followed business confidence index dropped to 39 from 42 in the prior report in December, the sixth consecutive quarterly decline.

Asked about the foreign exchange market, Mieno said the dollar's sharp upswing against the yen in postwar dealings was due to wishful thinking by market players wanting a quick recovery in the U.S. economy.

In an indication of his favoring a stronger yen, Mieno also said the yen-dollar rate should reflect the economic fundamentals of both nations.

Bank 'To Monitor Prices Closely'

OW0603101891 Tokyo KYODO in English 0834 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno indicated Wednesday that the central bank will continue to monitor prices closely, saying that he is not convinced that inflationary pressure has peaked out.

At a press conference, Mieno said higher personnel and distribution costs, which are passed on to prices of finished goods, account for 30 to 40 percent of the rise in consumer and wholesale prices. "This makes it hard for me to think that price pressures have peaked out," he said.

The consumer price index in the Tokyo metropolitan area surged by a revised 4.2 percent in January from a year earlier, the fastest clip since December 1981, and by 3.8 percent in February. The wholesale price index in January rose 2.1 percent from the corresponding month the year before.

Although the BOJ's survey of business confidence, released Tuesday, showed a mild downturn in sentiment, Mieno said it "left me with the impression that the underlying economy is still strong." The results of the survey were relatively good given the fact that it was conducted between mid-January and mid-February while the war in the Persian Gulf still raged, he said.

The conclusion of the war should have improved corporate psychology and made firms more optimistic about capital spending since the survey was taken, Mieno said. "Since the de facto end of the Persian Gulf war clears away the uncertainty that has clouded the economic outlook, it is highly doubtful that the economy will fall sharply," he said, adding, "businesses are likely to revise up their equipment investment plans."

Mieno said corporate liquidity has fallen but still remains at very high levels, noting that the central bank's tight credit policy is not "overkilling" the economy. He said hopes for a quick U.S. recovery and renewed confidence in the dollar are behind the recent sharp appreciation of the U.S. dollar against other major currencies.

In Tokyo, the dollar surged 1.67 yen to 136.55 yen from Tuesday's close of 134.88 yen. The dollar has spiraled 4.60 yen in the past four trading days on the view that the swift end of the Gulf war will whisk the U.S. out of recession, dwindling prospects of softer U.S. credit in the near term, and on expectations of huge dollar demand to finance the reconstruction of Kuwait and other Middle East nations affected by the Gulf war.

He said that although the yen is not declining at a dizzying pace, he hopes that the foreign exchange markets would stabilize to reflect economic fundamentals.

Mieno also suggested that the dollar should undergo a correction in the medium term.

He said a possible global fund shortage to finance reconstruction of countries hurt by the war and to assist countries of Eastern Europe and Germany should be averted by increased savings and reduced budget deficits.

Initial estimates of reconstructing Iraq and Kuwait have been put at 300 billion dollars.

Firms, Banks Loan 10 Billion Yen to World Bank

OW0603101691 Tokyo KYODO in English 0957 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—The World Bank on Wednesday borrowed a total of 10 billion yen in loans from 28 Japanese banks and life insurance companies at a rate of 6.94 percent with seven-year terms, financial sources said.

The Japanese firms providing the loans include the Industrial Bank of Japan, Bank of Tokyo, Nippon Life Insurance Co., Dai-Ichi Mutual Life Insurance Co., and Sumitomo Life Insurance Co.

Japan's Economy Likely To Outpace World Economy

OW0603090591 Tokyo KYODO in English 0836 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—The Japanese economy is likely to grow at a slower but still relatively brisk pace throughout the next 10 years, underpinned by strong corporate investment, a leading private think tank forecast Wednesday.

Nomura Research Institute, in its mid-term economic outlook, said the economy will expand at an annualized 4.0 percent in the first half and 3.9 percent in the second half of the 1990s, far faster than the estimated 2.4 and 2.5 percent growth in the U.S. and German economies for the first five years of the decade.

The Institute said the labor shortage, the aging population, and the declining appetite for saving will pose combined threats to the economy in the years to come, but these demerits can be offset by robust spending by companies designed to save energy and become less labor-intensive.

Even if crude prices surge to as high as 45 dollars per barrel, the Japanese economy is strong enough to produce 10 billion dollars of current account surplus in 1985, an Institute official said.

On the global economy, the Institute, a research arm of Nomura Securities Co., is less confident.

The worldwide shortage of savings creates a shortfall of funds to finance restructuring of the struggling economies in the Persian Gulf, the Soviet Union, and Eastern Europe. With more parties chasing dwindling funds, upward pressure on interest rates is sure to pick up, it said.

As to the foreign exchange rate, the Institute projected the yen will move up against the U.S. dollar over the next five years to an average 130 yen in 1985 from 145 yen in 1990, while the mark will lost momentum along with the weakening economy.

MITI Survey on International Price Differences

OW0503133691 Tokyo KYODO in English 1303 GMT 5 Mar 91

[Text] Tokyo, March 5 KYODO—Prices of U.S. nonfarm products are generally lower in Japan than in Europe, while European brands are more expensive in Japan than in the United States, according to a report released Tuesday by the Ministry of International Trade and Industry (MITI).

Similar surveys released during the day by the Ministry of Agriculture, Forestry, and Fisheries, and the National Tax Administration Agency showed the price gap is still wide in farm products, liquor and a variety of other commodities.

The MITI report shows little overall change in price trends from the previous report released in July 1990.

The report is based on a price survey conducted from late November to early December 1990 covering a total of 67 goods and services under 180 Japanese, U.S., and European brands. It compared the prices of products in Tokyo, New York, Paris, London, and Dusseldorf.

The indexed price of European brands in New York declined to 78 from 91 in the previous survey, conducted in March 1990, against Tokyo's 100. But the figure in the latest report is 92 if calculated at the exchange rate at the time of the previous survey to discount the effects of the yen's appreciation against the dollar.

The rate of the dollar to the yen used in the previous survey was 157.65 yen, compared with 133.07 yen this time.

The similar price index of U.S. products in London rose to 116 from 103 at the exchange rate at the time of the latest survey, while in Paris the figure dropped from 130 to 118, the survey showed.

The number of Japanese-made products that are sold at higher prices in Tokyo than New York has increased from three out of 94 items to 10 of 52 items. MITI attributed the phenomenon to the fact that the yen's appreciation against the dollar since the time of the previous survey has not been sufficiently reflected in prices.

Concerning U.S. and European markets, the gap in price levels between Tokyo and the overseas markets has slightly narrowed, the report claimed. But items such as cosmetics are sold at far higher prices in Japan than overseas, it said.

The price survey, the sixth conducted by the ministry, also indicates electricity and gas fares are generally higher in Japan than in the U.S. and Europe.

Gas prices are 40 to 100 percent higher in Japan, while electricity charges are 9 to 20 percent greater, except Dusseldorf, where electricity costs 8 percent more than in Tokyo.

The Farm Ministry's report said prices of farm products such as rice, beef, and oranges are still considerably higher in Japan than in U.S. and European markets.

The price of rice is more than two times greater in Tokyo than in New York, while beef is three times more expensive.

The price of instant coffee is 20 to 50 percent higher in Tokyo than in New York and London.

The tax agency survey shows the price of foreign-made high-quality whiskey is also considerably higher in Tokyo than in other cities. The indexed price of foreign whiskey is 70 to 90 in most cities against Tokyo's 100.

MITI To Expand Trade Insurance, Debt Relief

OW0503142591 Tokyo KYODO in English 1411 GMT 5 Mar 91

[Text] Tokyo, March 5 KYODO—The Ministry of International Trade and Industry [MITI] plans to increase its trade insurance fund in fiscal 1991 in anticipation of increasing payouts for export insurance and external debt relief, a senior official at the ministry said Tuesday.

The official, who declined to be named, said MITI will ask the Finance Ministry to approve its request for the appropriation of funds when the government works out a supplementary budget for fiscal 1991, beginning April 1.

The official said requests for export insurance payments made by Japanese corporations since the outbreak of the Persian Gulf war have totaled 370 cases worth about 18 billion yen.

Commercial debts owed by Iraq and Kuwait to Japanese enterprises total about 700 billion yen, with government-insured exports to Iraq accounting for 430 billion yen and those to Kuwait 80 billion yen.

Insurance payouts for Japanese exports to Iraq are expected to increase further, ministry officials said. The officials said insurance payouts for exports to other debt-strapped developing nations are also expected to increase, dwarfing a 143.85 billion yen fund reserved for such payments.

Capital Investment by Financial Firms Up in 1990

OW0503123091 Tokyo KYODO in English 1131 GMT 5 Mar 91

[Text] Tokyo, March 5 KYODO—Capital investment by Japan's financial companies will amount to 2.7 trillion yen in fiscal 1990, ending March 31, up 13.9 percent from the previous business year, the Bank of Japan reported Tuesday. The figure was based on a survey of 206 banks, securities firms, and insurance companies.

The central bank attributed the growth to the opening of new branch offices, expansion of on-line banking service systems, and construction of new office buildings. But the growth rate is 8.2 percentage points lower than the rate the central bank predicted in a similar survey taken last November.

The central bank predicted that capital investment by the same financial companies will drop by 1.3 percent in fiscal 1991. The decline is due to the fact that some of the construction and facility installation projects which began in fiscal 1990 will be carried over into the new fiscal year, the central bank said. A few life insurance companies are also seen reviewing their investment plans, especially those related to real estate, in the wake of declining land prices, it added.

Investments by the 154 banks surveyed this time rose 48.7 percent in fiscal 1990 over the previous fiscal year and those by 27 securities firms jumped by 66.7 percent. But investments by 25 insurance companies polled fell 16.5 percent.

Foreign Chips' Share in Market Increasing

OW0403132791 Tokyo KYODO in English 1249 GMT 4 Mar 91

[Text] Tokyo, March 4 KYODO—Foreign producers had a 13.2 percent share of the Japanese computer chip market in the last quarter of 1990 in terms of makers' shipments, up 0.1 percentage point from the previous quarter, Japanese officials said Monday.

This is down, however, from the April-June 1990 peak of 13.4 percent, and far below the 20 percent foreign chip share demanded by the U.S. semiconductor industry.

Ministry of International Trade and Industry (MITI) officials said these figures are based on surveys by World Semiconductor Trade Statistics Inc. (WSTS). WSTS is a trade statistics survey agency in which worldwide semiconductor manufacturers take part.

A MITI survey showed that foreign chips had a record 19 percent share in the last quarter of 1990 in terms of Japanese users' purchases, up 1 percentage point from the previous quarter, the officials said. Both the WSTS and MITI surveys were calculated in U.S. dollar terms.

Although the Japanese market did not expand at all during the quarter in yen terms, it was worth around 11 percent more in dollar terms because of the yen's appreciation against the dollar.

The U.S. semiconductor industry, which has called for a foreign chip share of 20 percent in WSTS terms, may put increasing pressure on Japan to boost the foreign share. This could affect negotiations over a new Japan-U.S. semiconductor agreement to replace the existing accord, due to expire at the end of July, industry sources said.

Nippon Oil Finds Natural Gas Off Indonesia

OW0603090491 Tokyo KYODO in English 0841 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Nippon Oil Co. said Wednesday its oil developing subsidiary has struck a natural gas deposit at its exploration concession off the Indonesian coast in the Strait of Malacca.

Japan's top oil distributor said the deposit, discovered by Nippon Oil Exploration Ltd., is capable of producing 930,000 cubic meters of gas daily, or 5,000 barrels of crude oil.

The company said it will start commercial production after assessing total crude oil deposits there. The company said the new deposit is located about 2,600 meters below the seabed, near Padang Island in the strait.

Commercial Banks To Open Branches in Shanghai

OW0503132491 Tokyo KYODO in English 1255 GMT 5 Mar 91

[Text] Tokyo, March 5 KYODO—China has approved requests by two Japanese commercial banks to open branches in Shanghai, the banks reported Tuesday.

The Industrial Bank of Japan and Sanwa Bank said they will be the first Japanese banks to open branches in China's main industrial and commercial center. They said they will elevate their representative offices in Shanghai to branches. They currently operate branches in Shenzhen, Guangdong Province.

Banking sources said the Chinese decision will contribute to expanding financial cooperation between Japan and China.

Japan resumed its economic aid last fall to China after lifting economic sanctions imposed after the military suppression of pro-democracy demonstrators in June 1989.

U.S., Australian Rice Growers Protest Ban

OW0603093091 Tokyo KYODO in English 0902 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Groups representing rice growers in the United States and Australia are protesting at a refusal to let them exhibit their rice at an international exhibition in Japan next week, Food Agency sources said Wednesday.

The ban was imposed by the agency, which said displaying foreign rice at the exhibition would violate Japan's staple food control law, since the event is a trade exhibition aimed at promoting business contracts for food and beverages.

The USA Rice Council and the Australian Rice Growers' Cooperatives protested at the agency's decision, saying the exhibition is aimed at promoting products they have to offer to Japan, the sources said.

They said the U.S. and Australian organizations charged that the Food Agency's decision proved the closed nature of the Japanese market.

The exhibition is being held at the Makuhari Messe Center in Chiba City from March 12 to 16.

Sales of Imported Cars Fall for Second Month

OW0603083091 Tokyo KYODO in English 0818 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—Sales of imported cars fell 15.4 percent in February from a year before to total 14,895 vehicles, the second straight month of year-on-year decline, the Japanese Automobile Importers' Association said Wednesday.

Passenger cars, which account for most of the vehicles, fell 15.7 percent to 14,712 vehicles, the steepest fall since the 18.5 percent decline in April 1982.

Association officials attributed the sluggish sales to higher car loan interest rates and the shortage of car parking spaces in urban areas. They also noted that consumers might have held back on buying since many German cars, which make up about 60 percent of the total of foreign cars sold in Japan, are planning model changes within this year.

Sales of cars with engine displacements of more than 2000 cc dropped 12.8 percent to 7,805 vehicles, while sales of those from 661 to 2,000 cc fell 18.8 percent to 6,907 vehicles. Trucks saw an increase of 16.1 percent in sales at 173 vehicles. Ten buses were sold.

Among manufacturers, the German Volkswagen placed first in sales with 3,343 vehicles. Mercedes Benz was second with 2,677 vehicles, followed by BMW with 2,367 vehicles. Sales of cars imported from the U.S., including those made at Japanese affiliates, grew 23.2 percent to 1,969 vehicles.

NEC Unveils 'Fastest' Mainframe Computer Line

OW0603081291 Tokyo KYODO in English 0743 GMT 6 Mar 91

[Text] Tokyo, March 6 KYODO—NEC Corp. on Wednesday unveiled a new series of mainframe computers that it claims has the fastest operating speed in its class in the world.

NEC began taking orders for the ACOS 3900 series computers the same day with shipments of the machines scheduled to start in late July 1992, officials said.

The eight new models are expected to heat up competition among rival competitors such as International Business Machines [IBM] Corp., Hitachi Ltd. and Fujitsu Ltd, all of which introduced new-generation mainframe models last summer, industry sources said.

The top-of-the-line machine, which combines eight processors, features processing performance of 700 million instructions per second (mips), about 4.1 times greater than its current most powerful ACOS 2000 series models.

NEC 3900 models, which are not compatible with rival makers' versions, makes comparisons difficult to make, officials said. Hitachi and Fujitsu produce machines which are compatible with models sold by IBM.

NEC's new advanced systems architecture, with a maximum of four petabytes (4,000 trillion bytes) of data storage space, enables the 3900 to process and store information equal to three million years worth of newspaper publications.

To attain its fast speed and power, NEC used ultrahigh-speed integrated circuits, each with a dense 20,000 gates which provide a pathway for the electronic signals that tell the computer what to do.

Officials said the company expects to rent about 350 machines to customers over the next five years. The computers also are to be resold by Bull S.A. of France and Bull HN Information Systems Inc. of the United States under the Bull brand name.

The low-end model will have a rental price starting at 63 million yen a month. The top-of-the-line model will have a starting rental price of 386 million yen per month, officials said.

Accord To Avoid Double Taxes With Finland

OW0403140491 Tokyo KYODO in English 1343 GMT 4 Mar 91

[Text] Tokyo, March 4 KYODO—Japan and Finland on Monday signed an accord to avoid double taxation and tax evasion, the Foreign Ministry said.

The agreement, which revises the current bilateral taxation pact signed in 1972, follows Finland's domestic tax reforms, the ministry said.

The signing took place in Helsinki on Monday.

Daihatsu Unveils ASEAN Auto Parts Plan

OW0603101291 Tokyo KYODO in English 0858 GMT 6 Mar 91

[Text] Osaka, March 6 KYODO—Daihatsu Motor Co. unveiled Wednesday the first phase of its planned integration of component production in Southeast Asian nations.

The Osaka-based automobile manufacturer said it will shift its repair parts production for the old models such as the Charade to the six-nation Association of Southeast Asian Nations (ASEAN). Components produced in one country will be shipped to the others, and also probably outside the region, it said.

The move marks the first step in Daihatsu's so-called regional component complementation project, which takes advantage of a 1988 ASEAN car-parts agreement. The accord calls for a halving of tariffs on intraregional trade in components between units of the same manufacturer.

Daihatsu's plan is similar to one earlier put forward by Toyota Motor Corp., of which Daihatsu is an affiliate.

Mindful of the desire of Southeast Asian countries to foster their own automaking industries rather than to be merely suppliers for foreign car firms, Daihatsu avoided launching a full-scale component complementation operation, at least for the time being, company officials said.

Though the plan has yet to be detailed, Daihatsu expects the venture will help substantially cut the cost of its repair parts manufacturing and enable it to shift the resources used in such production in Japan to higher productive operations, the officials said.

Fuji Xerox Sets Up New Firm in Singapore

OW0403141791 Tokyo KYODO in English 1347 GMT 4 Mar 91

[Text] Tokyo, March 4 KYODO—Fuji Xerox Co. on Monday announced the creation of a wholly owned subsidiary in Singapore last Friday to serve as an operational headquarters for nine firms operating in nine countries in the Asia and Pacific region.

The new firm, which started business Monday, is called Fuji Xerox Asia Pacific Pte. Ltd. and has a paid-up capital of 67 million Singapore dollars. Akira Yokota, a director of Fuji Xerox, has been named president of the new firm.

The subsidiary is in charge of five operating firms in Taiwan, the Philippines, Thailand, Indonesia, and South Korea, which have hitherto been under the control of Fuji Xerox's international division, and four firms in Australia, New Zealand, Singapore, and Malaysia which were taken over last November by Fuji Xerox from Britain's Rank Xerox Ltd.

Fuji Xerox officials said the new firm aims to "ensure more effective operations by means of coherent sales, procurement and production strategy." They said the import, export, and local sales of copying machines and related equipment, and the development and production of machines suited to local needs will be the new firm's main lines of business.

Yoshitomi, Swedish Firm Form Venture

OW0403125191 Tokyo KYODO in English 1240 GMT 4 Mar 91

[Text] Osaka, March 4 KYODO—Yoshitomi Pharmaceutical Industries Ltd. said Monday it set up a joint venture in Osaka with a Swedish pharmaceutical company, Astra, last Friday.

The new company, named Yoshitomi Astra Ltd., is capitalized at 50 million yen. The Swedish company's

Japanese subsidiary has a 51 percent equity stake in the joint venture and Yoshitomi has the rest, according to Yoshitomi officials.

The new venture is to expand business ties between the two partners in many ways, including new product development and sales information exchange, the officials said.

Yoshitomi has been selling Astra's products in Japan.

North Korea

KCNA Details Letters to South Organizations

SK0603123591 Pyongyang KCNA in English 1050 GMT 6 Mar 91

[Text] Pyongyang March 6 (KCNA)—Yi Song-ho, acting chairman of the Central Committee [C.C.] of the Red Cross Society of the DPRK, at the request of the chairmen of the Central Committees of the General Federation of Trade Unions of Korea (GFTUK) and the Union of Agricultural Working People of Korea (UAWPK) and of the Korean Student Committee, asked the South Korean authorities to convey letters addressed to the acting chairman of the "National Council of Trade Unions" and the chairmen of the "National Federation of Peasants' Associations," the "National Council of Student Representatives" and the "National Council of Representatives of Youth Organisations" of South Korea. But they refused it. Hence, he announced that the letters would be sent over radio.

The letter addressed to Kim Yong-tae, acting chairman of the "National Council of Trade Unions" by Won Tong-ku, chairman of the C.C., GFTUK, says:

Our workers' organisations in the North and the South which love the country and set store by the future of the nation should pool their efforts to promptly obviate the danger of new war that may befall the nation any moment and turn back to detente and peace the situation of the country which is rushing headlong along the road of confrontation and aggravation of tension. To this end, representatives of the workers' organisations in the North and the South should fling open their hearts and meet with each other to exchange views on peace and discuss measures to tide over difficulties.

From this point of view, we politely propose to you to arrange our meeting at an early date with representatives of the "National Council of Trade Unions," a mass democratic labour movement organisation embracing broad workers of South Korea.

At our contact, each other's principles and views on the way of national reunification may be exchanged and the question of promoting fraternal solidarity between workers in the North and the South as well as measures to save the nation from the danger of war by their united efforts in the present period be discussed open- heartedly.

The contact between representatives of the workers in the North and the South may be held on the occasion of May Day, the international holiday of world workers, and we will welcome as the venue of the contact Panmunjom or Pyongyang, or any other place your organisation thinks convenient.

We think there is no reason why representatives of the workers' organisations in the North and the South should not sit at one place face to face with each other, no grounds for the South Korean authorities to block their meeting.

There is no reason why our workers should not travel through the course which not only the authorities but also politicians, artistes, sportsmen and religionists covered to meet and have dialogue with each other.

We express the hope that the "National Council of Trade Unions" of South Korea will show an affirmative response to our proposal to pave the road for contact between representatives of the workers in the North and the South.

The letter sent by Pak Su-tong, chairman of the Central Committee of the Union of Agricultural Working People of Korea, to Kwon Chong-tae, chairman of the South Korean "National Federation of Peasants Associations", said:

The forces seeking war and division are going to drive the whole nation including our peasants into destruction, emitting sparks of dangerous war which will spell calamities both to the North and the South.

It is the road of peace and peaceful reunification that our peasants in the North and the South should take at the present juncture. This is the road which all the patriotic-minded people who are concerned about the future of the country and the nation should follow.

Out of the desire to tread this road together with the South Korean peasants, we solemnly propose to have a contact between the Central Committee of the Union of Agricultural Working People of Korea and the South Korean "National Federation of Peasants Associations".

At the contact, we may have open-hearted discussions on the problem of turning the grave situation prevailing in the country into a phase of detente and ensuring peace and the way of reunification common to the nation and all other problems related to accomplishing the cause of national reunification at an early date.

The earlier the contact, the better. Pyongyang or Seoul may be chosen as its venue.

We entirely leave to your organization the designation on the date and venue of the contact and will follow your decision.

Our meeting will certainly be realized, as our minds are linked together and the farm land of the North and the South extending three thousand-ri is also connected together, though we are living separated in the North and the South.

If our contact and reunification dialogue are realized, it will undoubtedly be conducive to bringing earlier the peace of the country and its peaceful reunification and will show that our peasants in the North and the South can do a great work in shaping the destiny of all the fellow-countrymen, given our united strength and will.

Foreseeing our future meeting, we expect an active response of the "National Federation of Peasants Associations".

The letter sent by chairman of the Korean Students Committee Choe Hyon-tok to chairman of the "National Council of Student Representatives" Kim Chong-sik and chairman of the "National Council of Representatives of Youth Organizations" Yi Pom-yong said:

We youth and students in the North and the South are the future masters who were born as the second generation of division and should live as the first generation of reunification; we are the vanguard fighters who have long since ardently demanded meeting, calling each other and responding to each other.

We should not delay any longer the meeting of youth and students in the North and the South but bring earlier the date of our meeting.

Any date and any place are acceptable for the meeting.

We leave this matter to the discretion of your organizations.

At the meeting, we may open-heartedly discuss all the problems of mutual concern from the problem of saving the nation from the calamities of war to the problem of deciding the way of reunification, putting together the will of the youth and students in the North and the South.

Though the splittist forces which are afraid of our meeting and reunification dialogue, oppose reunification itself and block our meeting at the point of the bayonet under the pretext of the "unified channel of dialogue", we should pave the way of our meeting through struggle.

As we have promised to devote our youth to bringing earlier the accomplishment of the reunification cause, we have nothing to fear or hesitate.

If mountains block the road ahead of our meeting, we must cross them even by crawling and if the barbed wire entanglements block us, we must break through them even though our bodies are lacerated.

It is the road that 70-year-old Rev. Mun Ik-hwan and Yim Su- kyong, the "flower of reunification," in her twenties walked.

We express the expectation that the youth and students in the South will show an affirmative response to this patriotic call of ours.

International Liaison Committee Sends Open Letter

SK0603043291 Pyongyang KCNA in English
0417 GMT 6 Mar 91

[Text] Pyongyang March 6 (KCNA)—The International Liaison Committee for the Reunification and Peace of Korea in an open letter on February 28 called upon the governments, parliaments, political parties and organisations of all countries of the world and international organisations to put a strong pressure upon the United States and South Korean authorities to stop at once the "Team Spirit 91" joint military exercises.

Owing to the joint military exercises, the desire of the Korean people for the peaceful reunification of the country is facing a grave challenge and the danger of war threatening peace and security in Asia and the world is heavily hanging again over the Korean Peninsula, the open letter said, and went on:

It is an urgent task of the world's people today to do their utmost to remove the tensions coiled up by the aggressive military exercises of the United States and South Korean authorities on the Korean Peninsula and help resume the North-South dialogue for the peace of Korea and its reunification.

The International Liaison Committee expresses the earnest hope that the governments, parliaments, political parties and organisations of all countries and international organisations will take proper measures to contribute to settling the Korean question in a peaceful way.

MINJU CHOSON Views U.S. Presence in South

SK0603113991 Pyongyang KCNA in English
1018 GMT 6 Mar 91

["Dangerous Scheme for Permanent Occupation"—KCNA headline]

[Text] Pyongyang March 6 (KCNA)—The U.S Defense Department in its recent annual military report to the White House and Congress blared that the need of U.S. military presence in South Korea is invariable in face of the powerful military capabilities of the North, saying that there is a growing possibility of military action of the U.S. forces present in South Korea in other areas of Northeast Asia.

This shows the heinous intention of the U.S. imperialists to justify their permanent occupation of South Korea and unleash a new war on the Korean Peninsula at any cost, says today's MINJU CHOSON.

The news analyst notes:

The U.S. imperialists never let a chance pass by without crying over "powerful military capabilities of the North" and "threat of invasion from the North". But this is an absurd sophism.

There, in fact, exists on the Korean Peninsula only threat from the South, not "threat from the North."

In the annual report, the United States encouraged South Korea to step up its own armed preparations, talking volubly about the performance of military missions by its forces in Northeast Asia and their movement. This proves that they are desperately hastening the war preparations in South Korea to realize their Asia-Pacific strategy against the DPRK and socialism.

The U.S. imperialists, regarding the Korean Peninsula as a major spot of breakthrough in their Asian strategy, are now trying to unleash another war there.

Yet they are ridiculous enough to carry on a false propaganda against the DPRK, riding the high horse.

The United States must deport itself with (?discretion), looking straight at the reality.

The U.S. imperialists should no more engage themselves in the criminal war preparations jeopardising peace in Korea and the rest of Asia but give up the policy of northward invasion and withdraw their troops and nuclear weapons from South Korea at an early date.

KCNA Reports Air, Ground Exercises in South

SK0603044291 Pyongyang KCNA in English 0422 GMT 6 Mar 91

["Full-Scale Aerial and Ground War Rehearsals and Aerial Espionage"—KCNA headline]

[TExt] Pyongyang March 6 (KCNA)—The U.S. Pacific Airforce Command on March 4 sent formations of nuclear-capable F-16 fighter- bombers based in Misawa, Japan, to skies above Wonju and Oeyon islet of South Korea to stage another joint air strike exercise aimed at a pre-emptive strike at the northern half of Korea under the support of formations of F- 16 and O-2 fighter-bombers,assault planes and observation planes of the U.S. Airforce present in South Korea and the puppet airforce, according to military sources.

On the same day, the U.S. imperialists brought Guam-based KC- 135 refueling tanker to the sky above Kwangju for an exercise of mid-air refuelling of 30 F-16 and OA-10 planes of the U.S. Airforce.

That day they brought scores of C-141, C-130 and C-123 transport planes and cargo vessels massively loaded with aggression forces and combat equipment for the "Team Spirit 91" war game from the U.S. mainland and overseas bases in the Pacific to the Osan, Kunsan and Kimpo airfields and Pohang and Chinhae ports and moved them to operational zones. And they deployed formations of nuclear-capable F-15 fighter-bombers and AV-8 VTOL assault planes based in Kadena and Iwakuni, Japan, in the Osan airfield.

Meanwhile, the South Korean puppets on March 4 staged a ground attack exercise in Hwachon and Pochon areas under the cover of F- 16, F-4, F-5 and A-37 planes.

On March 5, the U.S. imperialists brought a Kadena-based E-3A AWACs plane to the skies above the Military Demarcation Line and let it make a shuttle flight from east to west for an espionage on the targets in the depth and wide area of our side and for the command of the flying corps participating in the aerial war exercises.

On March 4 alone, the U.S. imperialists and the South Korean puppet clique mobilized as many as 630 warplanes of various types in the aerial war exercises.

NODONG SINMUN Comments on Suso Housing Scandal

SK0603051591 Pyongyang KCNA in English 0440 GMT 6 Mar 91

["'Chongwadae' Is Chief Culprit"—KCNA headline]

[Text] Pyongyang March 6 (KCNA)—It has been brought to light recently in South Korea that the No Tae-u ruling group was involved in the case of privileged distribution of housing lot in Suso District, Seoul. Nevertheless, the prosecution openly manifested its refusal to reinvestigate the scandal, and a spokesman for the Democratic Liberal Party (DLP)" said "There is no need for wholesale reinvestigation", claiming "courtesy for the 'president'."

The No group's desperate attempts to conceal the truth behind the scandal only go to reveal that both the "DLP" group and the puppet administration clan are corrupt mountebanks tarred with the same brush, says NODONG SINMUN in a commentary today.

Recalling that when "Chongwadae" turned out to be chiefly responsible for the housing scandal No Tae-u tried hard to hush up the case through the change of a puppet deputy prime minister, the "secretary general of the DLP" and so on and save the socio- political confusion resulting from it, the news analyst says:

The Suso scandal is a power-backed one directly manipulated by No Tae-u, Kim Yong-sam, Kim Chong-pil and other bosses of the "DLP" and the puppet administration.

Speaking at a "party-administration joint meeting" in August last year at which the puppet prime minister, the "minister of justice," the "minister of construction," the "mayor of Seoul" and other VIPs were present, the "chairman of the DLP's policy committee" said "the distribution of housing lot in Suso was what was intended by Chongwadae" which must be "supported actively," and the "minister of justice" made "utterances defending it by law."

The incumbent "public procurator-general" concealed this fact although he knew about it as the then "senior presidential secretary of Chongwadae for civil affairs". This was intended to cover up and scale down the case through "prosecution investigation".

Though Kim Yong-sam, Kim Chong-pil and Pak Tae-chun of the "DLP" stated that they "did not" put their signatures on the "report related to the Suso scandal," it has been exposed that they did it and that the "report" submitted to the prosecution was a forged paper on which the signatures of the three "co-chairmen" were deleted.

Facts show that the Suso scandal is a corruption case in which No Tae-u, the host of "Chongwadae," played first fiddle and incumbent puppet Prime Minister No Chae-pong who was the then "presidential secretary-general of Chongwadae," Kim Yong-sam, Kim Chong-pil and Pak

Tae-chun, "co-chairmen of the DLP," involved themselves and, at the same time, tell that No's "Sixth Republic regime" is a more corrupt "regime" than that of the "Fifth Republic."

"Clean politics" and "uprightness" are inconceivable under the fascist rule of No's "Sixth Republic."

Kim Yong-nam Leaves Ethiopia, Arrives in Libya

SK0603011891 Pyongyang Domestic Service in Korean 1300 GMT 5 Mar 91

[Text] Kim Yong-nam, vice premier and foreign minister, and his party yesterday arrived in Tripoli, capital of Libya, for a visit. The foreign minister and his party were met at the airport by the secretary of communications and transport of the General People's Committee, the vice secretary of the People's External Liaison and International Cooperation Bureau, other relevant functionaries, our ambassador to Libya, and staff members of our embassy.

The foreign minister and his party left Addis Ababa on 1 March after winding up a visit to Ethiopia. The foreign minister and his party were seen off at the airport by Tesfaya Dinka, deputy prime minister and minister of foreign affairs; the Ethiopian ambassador to our country, other relevant functionaries, our ambassador to Ethiopia, and members of our embassy.

Choe Kwang Heads Military Delegation to Cuba

SK0403062291 Pyongyang Domestic Service in Korean 1300 GMT 2 Mar 91

[Text] The DPRK military delegation led by Comrade Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of the General Staff of the Korean People's Army, arrived in Havana, the capital of Cuba, on 28 February to visit Cuba.

The delegation was met at the airport by Div. Gen. Rosales Ulises, first vice minister of the Cuban Revolutionary Army Forces and chief of the General Staff, commander of an anti-aircraft unit, deputy chief of the General Staff and operation director, other functionaries concerned, and our country's ambassador to Cuba and military attache.

Talks Held in 'Friendly Atmosphere'

SK0503051491 Pyongyang KCNA in English 0419 GMT 5 Mar 91

[Text] Havana March 3 (KCNA)—Talks between military delegations of the Democratic People's Republic of Korea and the Republic of Cuba were held in Havana on March 1.

Present were the members of the DPRK military delegation headed by General Choe Kwang, chief of the General Staff of the Korean People's Army, and the members of the military delegation of the Republic of Cuba headed by Lieutenant General Ulises Rosales del Toro, first vice-minister of Revolutionary Armed Forces and chief of the General Staff of the Revolutionary Armed Forces of Cuba.

The talks took place in a friendly atmosphere.

KCNA Review of 6 Mar Pyongyang Press

SK0603050191 Pyongyang KCNA in English 0428 GMT 6 Mar 91

[Press review]

[Text] Pyongyang March 6 (KCNA)—Papers here today carry news that the great leader President Kim Il-song's New Year address was widely reported in different countries.

NODONG SINMUN reports that President Kim Il-song received a message from Ranasinghe Premadasa, president of the Democratic Socialist Republic of Sri Lanka, in reply to a message of greetings on the independence day of Sri Lanka.

The paper informs the readers that a lecture on the New Year address of President Kim Il-song was given in Pakistan.

Seminars on works of dear Comrade Kim Chong-il were held in different countries, says the press.

It is reported in NODONG SINMUN that the birthday of Comrade Kim Chong-il was celebrated in various countries.

Carried in the paper is a message of greetings sent by the Central Committee of the Workers' Party of Korea to the Central Committee of the Communist Party of Portugal on the occasion of the 70th founding anniversary of the party.

The International Institute of the Chuche Idea published magazine "Study of the Chuche Idea" No. 52, says the paper.

It carries an editorial calling for a deeper study of the principles of the chuche idea.

Econews of the press includes reports about brisk preparations for farming in the countryside and about production upsurge at mines.

NODONG SINMUN conveys news that DPRK ambassador extraordinary and plenipotentiary from Pakistan presented his credentials to the president of that country.

The premier of the Administration Council of the DPRK sent a message of greetings to Anan Panyarachun on his appointment as prime minister of the interim government of the Kingdom of Thailand, says the paper.

The press informs the readers that DPRK speed skater Song Hwa- son took the women's 1,000 metre title and the DPRK beat the U.S. 5-4 in the ice hockey preliminaries at the Winter Universiad.

A news analyst of NODONG SINMUN says the "Suso case" is a power- backed scandal directly manipulated by

No Tae-u and other bosses of the "Democratic Liberal Party" and the puppet administration.

According to the press, the acting chairman of the Central Committee of the DPRK Red Cross Society sent a telephone message to his South Korea counterpart.

The press carries news that the United States and the South Korean authorities are scaling up war preparation in real earnest and the South Korean puppets committed a grave military provocation by artillery firing in the Demilitarized Zone. Reflected in the press are home and foreign public voices denouncing the "Team Spirit 91" joint military exercises.

The South Korean news columns of NODONG SINMUN include reports that Rev. Mun Ik-hwan and other dissidents proposed to the opposition parties to convene a political consultative conference for the liquidation of the Suso scandal and the people's party called for a campaign for the resignation of the present "regime".

Appearing in the press are notes on the release from prison of Rev. Mun Ik-hwan who had been arested ater visiting the northern half of the country, which were carried by the December, 1990, issue of the South Korean magazine WOLGAN CHUNGANG.

NODONG SINMUN devotes much space to an article titled "Cosmopolitism Is Reactionary Ideology Serving U.S. Imperialists for Their World Supremacy".

Papers observe the 34th anniversary of the independence of Ghana.

NODONG SINMUN reports about a round-table talk of men of literature and art in China.

It is reported in the press that the Belorussian, Russian and Ukrainian Communist Parties called for participation in a referendum on the preservation of the Soviet Union, reports the press.

Speaking at the National Assembly, the Egyptian president put forward a nine-point program for the future Arab relations and stressed that the Palestinian problem is a key to peace and stability of the Middle East, says NODONG SINMUN.

The daily reports that a political solution to the complicated Middle East problem including the Palestinian problem was urged in Pakistan, Jordan and Nepal.

The executive committee meeting of the "League of Communists Movement for Yugoslavia" stressed that the policies of some republics for destroying Yugoslavia are policies betraying its own people, says the daily.

Vols. 6, 7 of Work on Kim Il-song Published

SK0603111091 Pyongyang KCNA in English 1012 GMT 6 Mar 91

[Text] Pyongyang March 6 (KCNA)—The Workers' Party of Korea Publishing House brought out "Collection of Materials on Revolutionary History of the Great Leader Comrade Kim Il-song" vols. 6 and 7.

The 6th volume contains materials on the revolutionary activities of the great leader Comrade Kim Il-song during the anti-Japanese armed struggle—from late February 1933 when he returned to Macun guerrilla zone in Xiaowangqing, Wangqing County, after successfully concluding the rigorous expedition to North and South Manchuria, and set up the headquarters there till early March 1934, before he reorganised the anti-Japanese people's guerrilla army into the Korean People's Revolutionary Army.

The 7th volume contains materials on his revolutionary activities from March 1934 till March 1935 when he organised and led the struggle to frustrate the "encircle and attack" operation of the Japanese imperialists against the guerrilla zones.

These materials consist of three parts and a supplement.

The first part of the collection contains teachings (excerpts) of Comrade Kim Il-song looking back on his revolutionary activities in the relevant period, and the second part reminiscences of anti- Japanese revolutionary fighters, those related to his revolutionary activities and eyewitnesses.

The reminiscences classify the course of the revolutionary activities of Comrade Kim Il-song and historical relics in chronological order and according to region. And names of the reminiscents and dates when the reminiscences were written are inserted.

Carried in the third part are evidences on the energetic revolutionary activities of Comrade Kim Il-song in the relevant period.

The supplement includes documents and clippings of publications of the Japanese imperialists on the social and economic situation of Korea in those days.

Printed in the collection are pictures showing the revolutionary activities of Comrade Kim Il-song and the revolutionary sites, historic buildings and relics.

Protocol on Scientific Meeting With Romania Signed

SK0603114791 Pyongyang KCNA in English 1024 GMT 6 Mar 91

[Text] Pyongyang March 6 (KCNA)—The 13th subcommittee meeting of inter-governmental scientific and technical cooperation between the Democratic People's Republic of Korea and Romania was recently held in Pyongyang.

A protocol of the meeting was signed today.

It was signed by Kim Kil-song, vice-chairman of the State Commission of Science and Technology, and Mircea D. Gheorghiu, assistant secretary state of department of science of Ministry of Education and Science [name, title as received].

Yon Hyong-muk Greets Bulgarian Premier

SK0503024291 Pyongyang Domestic Service in Korean 1300 GMT 2 Mar 91

[Text] Comrade Yon Hyong-muk, premier of the State Administration Council, sent a message of congratulations to Dimitur Popov, chairman of the Council of Ministers of the Republic of Bulgaria.

Offering wholehearted congratulations on the national holiday of Bulgaria, the message of congratulations expressed conviction that relations between the DPRK and the Republic of Bulgaria will develop in the interest of the two peoples.

Kang Sok-chu Meets Departing Pakistani Ambassador

SK0403113991 Pyongyang KCNA in English 1024 GMT 4 Mar 91

[Text] Pyongyang March 4 (KCNA)—First Vice-Minister of Foreign Affairs Kang Sok-chu today met and conversed with Pakistani Ambassador to Korea Jafar Habib, who paid a farewell call on him.

South Korea

Inter-Korean Table Tennis Team Formed

SK0603122591 Seoul YONHAP in English 1148 GMT 6 Mar 91

[Text] Seoul, March 6 (OANA-YONHAP)—South and North Korea Wednesday formed a 56-member joint squad to compete in the 41st World Table Tennis Championships, naming Kim Hyong-chin, vice chairman of the North Korean Olympic Committee, to head the unprecedented inter-Korean sports team.

In a working-level contact at the truce village of Panmunjom, the two sides made Kim Chang-che, executive director of the (South) Korean Table Tennis Association, general manger of the team for the world pingpong event scheduled for April 24-May 6 in Chiba, Japan. The Korean team comprises 22 players and 34 officials.

Hwang Kon-dong of North Korea was made the manager for male players while Yun Sang-mon of the South became the manager for girls' team.

The team also included two coaches each from South and North Korea and 11 players each from both sides.

General Manager Kim said he would make every effort to show the world harmony of South and North Korea and produce good results in the competition. Kim also said he would sincerely assist Kim Hyong-chin.

Among the entries are world-class players Yu Nam-kyu and Hyon Chong-hwa from the South and Yi Pon-hui and Yi Kon-sang from the North.

Both sides will have a meeting at the truce village of Panmunjom on March 19 to exchange team uniforms and training suits.

The two Koreas agreed on Feb. 12 to send a single Korean team to the table tennis meet and the World Youth Soccer Championship in June in Portugal.

Red Cross Refuses To Accept Letters From North

SK0603042491 Seoul Domestic Service in Korean 0300 GMT 6 Mar 91

[Text] Korean National Red Cross [KNRC] President Kim Sang-hyop sent a telephone message today to Yi Song-ho, acting chairman of the North Korean Red Cross Society. In his telephone message, President Kim notified Yi Song-ho that he would not receive letters sent by North Korea to our side's workers, peasants, and students.

President Kim said that he could not receive the letters, which the North Korean side asked him to deliver, judging that letters that may produce unnecessary adverse effects on North-South relations or cause political controversies are not helpful in improving North-South relations.

In yesterday's telephone message, the North Korean Red Cross Society asked the KNRC to receive letters addressed to four organizations, including the National Council of Labor Unions and the National Council of University Student Representatives, in Panmunjom.

Foreign Minister Stresses Need for UN Admission

SK0603064191 Seoul YONHAP in English 0612 GMT 6 Mar 91

[Text] Seoul, March 6 (OANA-YONHAP)—South Korea will positively seek early admission to the United Nations on the basis of the international support it has built up so far, Foreign Minister Yi Sang-ok said Wednesday.

South and North Korea's joining the world body could serve as an institutional device to maintain peace and stability on the Korean Peninsula as an intermediate step to reunification, Yi said in an address to the Korea Council on Foreign Relations.

South Korea should join the United Nations as soon as possible under the U.N. principle of universal membership so that it can claim its share of the right to improve international cooperation and resolve international problems as a responsible member of the global community.

Korea will actively participate in efforts to bring peace and security to the region and to rebuild wor-torn nations, said the foreign minister as he outlined his government's diplomatic policy and direction for the year.

'Better' Relations With U.S. Termed 'Priority'

SK0603034491 Seoul YONHAP in English 0244 GMT 6 Mar 91

[Text] Seoul, March 6 (YONHAP)—The government believes that, since the influence of the United States has gained from the Gulf war, a priority should be to keep Korea-U.S. relations in better shape.

It also thinks that it should help Korean industry hone its competitive edge by reshaping the economic structure and prevent the economy from being rocked by anticipation of special postwar demand from the Middle East.

In a meeting of economics-related ministers Tuesday afternoon, headed by Deputy Prime Minister Choe Kak-kyu, participants agreed that measures were necessary to counter the growing trend of the global economy going for regional blocs amid the United States having a bigger say in international forums such as the Uruguay Round.

Korea will strive to extend pledged financial assistance to the coalition forces, to solve trade issues with the United States involving beef and cigarettes as soon as possible and to follow faithfully its timetable for import liberalization.

Korea will seek to get some of the estimated 100 billion to 200 billion dollars for rebuilding Iraq and 60 billion to 80 billion dollars for Kuwait by improving cooperation with the United States and seeking a way to take part in the proposed Mideast development bank.

To take advantage of the economic recovery sparked by stable oil prices since the end of the war, emphasis will be given to strengthening competitive power by investing in manufacturing, securing a stable workforce and expanding infrastructure.

To maintain economic stability, the government will try to keep consumption and investment from overheating because of overly rosy projections for a postwar global economic recovery.

International crude oil prices will hover between 15 and 20 dollars for the time being, and then 18 to 20 dollars after adjustment through efforts by the United States and the Organization of Petroleum Exporting Countries.

USSR Fishing Talks Postponed 'Indefinitely'

SK0603092391 Seoul YONHAP in English 0853 GMT 6 Mar 91

[Text] Seoul, March 6 (OANA-YONHAP)—The first South Korea-Soviet fisheries cooperation talks, scheduled for next week, have been indefinitely postponed at Moscow's request, the National Fisheries Administration said Wednesday.

No reason was given, but it is thought to be related to internal problems in the Soviet Union, administration officials said. The Soviet notification cited domestic reasons, they said. The meeting will probably be rearranged for mid-April at the earliest, according to the officials.

Administrator Yun Ok-yong was to head a 13-member delegation to the first fisheries cooperation talks in Moscow March 11-13, where the two countries were expected to officially sign a fisheries agreement.

Seoul and Moscow had initialed an agreement Jan. 22 opening waters in the Bering Sea and off Kamchatka to Korean fishing vessels. The agreement also includes joint ventures in fishing equipment and ship repair.

Aviation Agreement To Be Signed With USSR

SK2802032191 Seoul THE KOREA TIMES in English 28 Feb 91 p 3

[Text] South Korea and the Soviet Union will sign an aviation agreement in Seoul next month, officials at the Transportation Ministry said yesterday.

There are currently regular flights between the two capitals under a commercial agreement between Korean Air (KAL) and Aeroflot signed in February last year. Seoul and Moscow established diplomatic ties Sept. 30 last year.

The governments have begun detailed negotiations on the government-level agreement, including the schedule for aviation talks and the contents, the official said.

Airline officials of the two countries will discuss revision of their commercial agreement to prepare for the government accord and KAL president Cho Chung-kun will fly to Moscow Saturday for talks with Aeroflot officials.

Tight Money Market Hampers Loan to USSR

SK0403131991 Seoul CHOSON ILBO in Korean 24 Feb 91 p 6

[By reporter Kim Kwang-hyon]

[Text] The government plan to give $3 billion in economic cooperation funds to the Soviet Union over a period of three years beginning this year is already encountering considerable difficulty.

The government planned to borrow money from overseas and loan it to the Soviet Union, but this plan is running into difficulties because of the tight international money market. Difficulties were also encountered by the Export-Import Bank in its capacity to provide $2 billion for exports on a deferred payment (credit) basis over the next three years.

The $3 billion economic cooperation package finalized last month consists of the Export-Import Bank's $1.5 billion sublease loan (medium term financing on deferred payment basis) provided for the export of consumer goods to the Soviet Union, $500 million deferred payment loan to assist in the export of capital goods, and a $1 billion bank loan which a group of ten local banks is giving to the Soviet Bank for Foreign Economic Activity.

Of this, the government decided to give an $800 million sublease loan and the $1 billion bank loan within this year, and has entered into or is expected to enter into working discussions with the Soviet side on the bank loan beginning 22 February and on the sublease loan beginning 25 February. Of this, the most immediate problem is the $1 billion bank loan the entire amount of which the ROK is expected to give this year. With no funds available, the bank credit group planned to borrow funds on the international financial market on its own credit and then to give them to the Soviet Union, but it ran into difficulties owing to the tight international financial market resulting from the Gulf war.

Up to last year, the interest rate of the medium- and long-term funds we borrowed from the international financial market was the London inter-bank offered rate (LIBOR) without additional interest or even less than the LIBOR. The government expected that if the ROK borrowed money from overseas with interest of that level and loaned the money to the Soviet Union at the LIBOR interest plus 1.25 percent, it would net a considerable margin of interest as well.

However, owing to the uncertainty about the future as a result of the Gulf war, the additional interest on medium- and long- term borrowing has suddenly risen by 0.3 percent to 0.8 percent on average. Also, because it has been put about in the international financial market that the ROK is borrowing a large amount from overseas to loan to the Soviet Union, the additional interest to our country is rising ever higher. It is likely that we may have to pay more interest on the funds we borrow from overseas than the Soviet Union will pay.

Therefore, the government is planning an expedient until conditions in the international financial market improve, whereby it lets the banks borrow the foreign exchange retained by the government (the foreign exchange equilibrium fund) so that they can loan this to the Soviet Union. The foreign exchange equilibrium fund is supposed to be used mainly to stabilize the price of foreign exchange and to manage currency. The government lacked prudence from the outset to promise the Soviet Union a loan of $1 billion without taking into full account the trend of the international money market and the capacity of local banks to provide funds.

We are also curious to learn how the Export-Import Bank will provide $1.5 billion over 3 years. The Export-Import Bank is planning to provide $800 million (equivalent to 600 billion won), the amount to be given this year, from the surplus funds in its total operational fund of 1,100 billion won and from a government- invested fund of 75 billion won, and by borrowing some from overseas if necessary.

However, the bank's surplus funds are not more than 100 billion won; therefore, it has to borrow over 400 billion won from overseas, and this is again not easy owing to the tight international money market. For this reason, the Export-Import Bank is reported to be asking the government to make additional investment through a revised supplementary budget or to issue local loan bonds in won.

The government cannot change the amount of the $3 billion economic cooperation loan since it is now fixed. However, the financial experts hold that it should make an overall review of how the funds are to be provided.

Moscow To Buy ROK Products With Tied Loans

SK0503024991 Seoul YONHAP in English 0217 GMT 5 Mar 91

[Text] Seoul, March 5 (YONHAP)—South Korea and the Soviet Union have agreed that Moscow will buy 34 industrial materials and consumer goods with 800 million U.S. dollars in tied loans from Seoul, the Trade and Industry Ministry announced Tuesday.

Cold rolled sheet for construction, sports shoes, polypropylene, medical equipment and cigarettes are among the items agreed on during talks in Moscow Feb. 25-March 1 between Korean Vice Trade and Industry Minister Pak Yong-to and Soviet Vice External Economic Minister A.I. Kachanov.

Pak and Kachanov also agreed to determine the detailed use of additional tied loans for 1992 and 1993 by October this year and next, respectively. Korea will extend 1.5 billion dollars over the next three years in loans tied to the purchase of industrial materials and consumer goods.

With 500 million dollars in export credits, the Soviets agreed to buy Korean production facilities for video and audio tape, color televisions, polyester textiles and socks, and tentatively set the size of the deals and named the end-users.

Moscow promised to pay 23 million dollars it owes Korean exporters by the end of March with 500 million dollars in loans from Korean banks, the Ministry said.

The Soviet Union is not expected to begin imports with the tied loans before April at the soonest, after negotiations among Korean exporters and the signing of an accord between the Export-Import Bank of Korea and the Soviet Bank for Foreign Economic Affairs.

Information Minister on Post-War SDF Role

OW0603010191 Tokyo KYODO in English 0016 GMT 6 Mar 91

[Text] Seoul, March 6 KYODO—Public Information Minister Choe Chang-yun, apparently voicing a minority opinion within the South Korean Cabinet, told Japanese reporters Tuesday it would be "natural" for Japan to participate in UN peacekeeping activities.

Previously, South Korean government officials have remarked that the dispatch of Japanese Self-Defense Forces overseas, even for peaceful purposes, could have "serious repercussions" throughout Asia and the Pacific.

They have insisted that the South Koreans, many of whom suffered under Japan's 1910-1945 colonization of the Korean Peninsula, feel uneasy about a potentially revitalized Japanese military.

On Tuesday, however, Choe said, "Within the UN peacekeeping corps following the Persian Gulf War, I think it is natural that a number of roles will emerge. It would be natural for Japan to take part."

Choe said he recognizes the Japanese constitutional constraints on sending troops overseas, voiced in last fall's Diet debates over a failed UN Peace Cooperations Corps Bill.

But, he added, "At that time, too, I was not against participation in the multinational forces by the Japanese SDF," saying it is a decision that should be made by Tokyo.

Choe indicated that he supports the positive contributions of Japan and South Korea, which sent a 150-strong medical team to the Persian Gulf, to UN peacekeeping operations for peace and stability in the area.

Minister Said 'Misinterpreted'

SK0603075191 Seoul YONHAP in English 0727 GMT 6 Mar 91

[Text] Seoul, March 6 (OANA-YONHAP)—Information Minister Choe Chang-yun did not tell Japanese reporters Tuesday he supported the dispatch of Japan's Self-Defense Forces to join the Gulf peacekeeping mission, the Ministry said Wednesday.

Choe's remarks were misinterpreted and he had said the decision was up to the Japanese Government, it said.

Choe was quoted by Japanese reporters as saying South Korea did not oppose Japan sending defense units to the Middle East to help peacekeeping. The reports said the information minister was the first high-level Korean official to express a positive opinion about the dispatch, but his remark was likely to cause domestic controversy because of public opposition.

The ministry explained Choe had said the decision was up to the government and the press overinterpreted the remark.

Japan's military activities raise strong concern in Korea, which was under Japanese rule from 1910 to 1945.

Reportage on 26 March Local Elections

No Tae-u: 'Fair,' 'Clean' Elections

SK0603055191 Seoul YONHAP in English 0523 GMT 6 Mar 91

[Text] Seoul, March 6 (YONHAP)—President No Tae-u said Wednesday that the government had bet "everything it had" on holding fair and clean local elections March 26 as they should be a rebirth for the wrong electioneering climate.

"Anyone breaking election laws should be sternly dealt with irrespective of his social or political status so a pure election mood wins public recognition and approval," No told a meeting of senior 138 government officials at the presidential office, Chongwadae.

"Let any case of illegal campaigning such as providing money or goods to win votes be punished with the same vigor as other criminals in our war against crime," No told the meeting of Cabinet ministers, prosecutor-general, senior prosecutors, provincial governors, mayors and chiefs of the Board of Education.

He told them to watch out for violence, illegal demonstrations and unlawful instigation and propagation during the election, and to cope strongly with illegal and impure activities by mobilizing all the power of the police and prosecution.

Saying there should be no speck of suspicion, No said: "The election is not a partisan confrontation but a chance to find genuine workers who can do their services for the residents."

A total of 4,304 people will be elected from 3,562 basic electoral units such as small cities, counties and municipal wards in local council elections on March 26.

He cautioned managememt of currency and bank loans to avoid money-spending elections due to concern over inflation, corruption and vote-peddling.

Illegal activities such as encroachment upon greenbelt areas, flooding of unauthorized construction sites and street vendors, he told the audience, would bring his wrath upon the audience if they failed to stop such practices, No said.

Opposition To Participate

SK0603070391 Seoul YONHAP in English 0643 GMT 6 Mar 91

[Text] Seoul, March 6 (YONHAP)—Opposition parties said Wednesday that they will participate in the March 26 local elections even though it is illegal for them to nominate candidates.

"We decided to take part in the local elections as we are of the opinion that we should not delay local autonomy, one pillar of democracy for which we have striven," said Pak Sang-chon, spokesman for Kim Tae-chung's Party for Peace and Democracy (PPD).

"We decided that we don't have to burn the house to get rid of the bedbugs, though there was the argument that we should boycott the divided elections," he said in a statement issued after a meeting of Kim and his lieutenants.

The PPD claims the ruling camp is trying to use the elections, which will be held separately for small and large districts, to divert attention from the Suso scandal.

"Our decision to participate in the elections does not mean we have scrapped the struggle to expose the cover-up of the Suso scandal," Pak said.

Meanwhile, Yi Ki-taek, president of the splinter Democratic Party, made it plain that his party would also participate in the coming elections, when he said his party would allow party members and supporters to take part in race as far as legally possible.

Political parties may not field candidates in elections for small city, county and municipal ward councils, though they are allowed to for the large constituencies, which comprise Korea's six largest cities and its nine provinces.

"If the government and ruling party proceed with the local elections, we will disclose the ruling camp's cover-up in the Suso scandal," Yi said.

PPD Meeting on Elections

SK0603030391 Seoul THE KOREA TIMES in English 6 Mar 91 p 2

[Text] Opposition parties are expected to participate in the March 26 small-unit local council elections though they reiterated their claims of the government's announcement to hold the "early" polls as a plot to cover up the real picture of the Suso bribery scandal.

The main opposition Party for Peace and Democracy [PPD] held an expanded meeting of its executives yesterday and delegated the president and vice presidents with full power to decide on whether to participate in the elections, a strong hint of their participation in the polls.

In a resolution adopted at the end of the meeting presided over by president Kim Tae-chung at the National Assembly, the PPD said: "We will make public all Suso suspicions involving the government and its party through (campaigns for) local council elections which we have attained by our life-or-death struggle.

"We will put the immoral government, which is attempting to hold local council elections for its own political gains, to a stern popular test," it said, suggesting that its boycott stance has changed into that of using the elections to further its struggle.

The resolution called for the government's reversal of its plan to hold elections for councils of small administrative units such as provincial cities, kun [county] and wards in special cities and large district councils such as special cities and provinces simultaneously.

It renewed its long-held demand for the invocation of Assembly rights to examine the administration with regard to the Suso scandal and a complete reinvestigation of the case by the prosecution.

In his opening speech, Kim said, "We have never opposed local autonomy, but only the early separate elections in small units because they are aimed at diverting the people's attention and covering up the Suso scandal. We will try our best to win the elections.

The Democratic Party also reviewed the matter in a meeting of its leadership but reserved immediate comment due to a mixture of pros and cons.

A senior executive member, disclosed that the pros for participation in the separate elections outnumbered the cons, indicating withdrawal of the hitherto tough position against the government plan.

Citizens Group To Field Candidates

SK0603031891 Seoul THE KOREA HERALD in English 6 Mar 91 p 3

[Text] An independent citizens' organization was initiated yesterday, vowing to put forth its own candidates for the coming local autonomy elections.

At a meeting of 325 promoters, the organization, dubbed "the citizens' coalition for participation and autonomy," said it would spearhead political renovation, condemning the established political culture.

A spokesman for the coalition said that it would set up as many candidates as it could for the local congresses, especially for the municipal congress in Seoul, at the coming local autonomy elections. He said the citizens' coalition hopes to gain one-third of the seats of the local congresses.

At the promoters' meeting, five were picked as co-chairmen of the coalition. They included So Yong-hun, former president of the Korean Broadcasting System (KBS); Prof. Yi Hyo-chae of Ewha Woman's University who chairs the Korean Federation of Women's Organizations; Prof. Kwon Suk-pyo of Yonsei University; Yi Se-chung, former president of the Seoul Bar Association; and Kang Mun-kyu, director of the YMCA.

The promoters are composed of scholars, lawyers, environmental specialists, women's movement activities, public accountants and ordinary citizens, according to the coalition spokesman.

The inauguration of the citizens' coalition is significant in that it is the first ever citizens' movement seeking to create a new political culture "through campaigning for the election of true representatives of the citizens," said the spokesman.

Another feature of the citizens' coalition is that it shows a strong disapproval of the established political circle and its culture.

In a statement, the coalition charged that the prevalent corruption on the part of government officials and politicians had led to a "crisis of politics itself and a collapse of morality."

Saying that "citizens, who have refused to be the master of history, should take a larger portion of responsibility for what things are going now," the coalition vowed to do its utmost to help its candidates to get elected to the local congresses.

The citizens' coalition plans to designate its candidates for the local autonomy elections beginning next week, and contacts are under way with potential candidates, a coalition promoter said.

In addition to setting up the candidates, the coalition also plans to expand its organization to other local regions, and "watch and estimate" the activities of local congresses once they are formed.

The coalition also seeks to induce citizens to have more concern and interest in local political affairs.

The coalition expressed its opposition to the ruling Democratic Liberal Party's [DLP] plan for "separate" local autonomy elections between larger areas, such as provinces and big cities, and smaller administrative units.

It called for simultaneous elections, warning political parties not to try to use the local autonomy elections "for partisan interests."

"But the principal goal of the citizens' coalition lies not in overthrowing the established political system, but in helping grass-root democracy take root in this soil," said Kang Mun-kyu, a co-chairman of the movement.

But as the coalition is not a political party, the existing local autonomy act will have to be revised if it is to have many "clean and pure representatives of citizens" at the local congresses.

Kang said a signature drive to revise the act, which allows only members of political parties to run for election, will soon be launched.

The political movement of nonpolitical figures is definitely a refreshing event in the nation's political history, challenging the largely unpopular, established political parties, but there are not many political observers as yet who are optimistic about the portion of political power the coalition may have in the future.

The ruling DLP wants to hold elections for local autonomy congresses twice—late this month for local congresses in smaller administrative units and in June for larger cities and provinces.

Given the schedule, time may be too short for the coalition leaders.

But the birth of the citizens' movement organ would be a good expression of the popular response to the nation's political culture that leaves much to be desired.

Anniversary Editorial Urges Political Reform

SK0603075491 Seoul CHOSON ILBO in Korean 5 Mar 91 p 3

[Editorial marking 71st anniversary of founding of CHOSON ILBO: "Now Is the Time of Crisis in the Leadership System"]

[Text] CHOSON ILBO today marks the 71st anniversary of its founding. Viewing the nation's overall situation, the 71st anniversary of a newspaper may not be an event of great significance. However, in the belief that the nation's glory and disgrace in modern history have been reflected in the CHOSON ILBO's 71-year history, we consider ourselves a mirror of society and take pride in this.

CHOSON ILBO is looking at today's realities with a feeling of depression, not really with a feeling of celebration on its birthday, because we are faced with a serious crisis in the collective consciousness of the people and in the nation as an organizational body.

The World Is Rapidly Advancing

The main reason for this is the loss of a sense of direction by the incumbent system of our society (establishment). The discipline and spirit of the leaders who should lead this society have slackened, and their words and actions do not agree. Without self-sacrifice by the leaders, society will be adrift. However, shamelessly, they are merely engrossed in plotting to slander and destroy each other to enjoy a greater degree of power and a greater amount of money.

The world today is rapidly advancing toward "the system of creating new wealth." The move to integrate Europe has resulted in the collapse of the socialist regimes in East Europe and, at the same time, in the birth of newly strong nations. With the victory in the Gulf war, the United States appears to have new power and self-confidence in being a super police state. Japan is exercising decisive influence all over the world due to its enormous economic power.

The shortsighted policy of taking advantage of diplomacy over national reunification for domestic politics, failing to perceive the great moves of the global situation and the pan-global strategy, was prompted by a lack of ability and will on the part of the leading class. In short, our existing, incumbent system is now faced with a serious crisis.

The leading class' lack of management ability and the relaxation of its discipline are spreading to the general public. The corruption, irregularities, delinquency, and shamelessness of the leading class have incurred only jeers from the general public. The destructive nature of collective egoism and collective action does not always come from the lack of consciousness of democratic principle. One should realize that such a nature results from the lack of ethos in the leading class.

Concrete Responsibility of Three Persons

In the face of the crisis brought about by the destruction of consciousness of the entire society as an organizational body, all of us are feeling remorseful. We must now repent. We must now confess our arrogance. Our leading class, adopting a prayerful attitude, should now keenly realize its genuine role and what contributions its self-sacrifice can make to safeguarding our nation and our collective body. The political phenomenon, in which one abuses the other while claiming that one is repenting, should now be overcome.

To do this, the incumbent political and social leaders first should declare their reform. They should realize that if they fail to revolutionize themselves, they will be revolutionized by others. Basically, we consider the present state, in which the sense of value is confused, is a due reaction and the result of the prolonged oppression by authoritarians. However, we believe that considerable portions of such a state are attributable to the incumbent political leaders' lack of political ability. Thus, we think that President No Tae-u, Kim Yong-sam, and Kim Tae-chung have the real responsibility to solve the nation's problems.

We strongly demand that these three political leaders reach an agreement on programs pertaining to the course and direction in which the nation should advance. We would like to stress that today's situation of powerlessness is a result of the political leaders' power-seeking, prompted by their noncooperation, self-righteousness, authoritarianism, and personal objectives. Thus, their reform and an end to such behavior are essential. We are not in the position to point out specifically what type of reforms they should carry out or how they should end such behavior.

At this point, it is clear that the struggle for power and the attempt to seize power prompted by personal motives can hardly be tolerated, and that as long as such all-consuming politics continue, in which one moves from one scandalous political stage to another unable to get rid of the present political pattern, a glorious retreat cannot be guaranteed for the political leaders.

Another serious obstacle to reform in our society today is the excessive selfishness of some large business groups. One should not attempt to underestimate the achievements made by our large business groups in the course of our industrialization. However, the large business groups should humbly accept the fact that our economy today does not allow them to pursue their profits in the same manner as they did in the past. Large business groups often abuse politics. However, is there any justification for them not to carry out their own reform? Did they not always demand "exceptional treatment" while expressing their concern about confidence in politics and social discipline? Large business groups should now ponder the prevailing situation. They should frankly admit the trend of the times which does not allow a business group to become an "economic kingdom" within only 10 or 20 years as in the past. Therefore, they should now carefully ponder how they can affirmatively reform their business system and form of enterprise.

Large Business Groups Should Reform Themselves

When the reform and innovation of the existing system are implemented, our society can also carry out the work of reforming various unreasonable phenomena. The establishment of moral principles in the political circle, public access to political funds, improvement of elections, improvement of the bureaucratic society, removal of the class earning illegal profits, control of collective egoism, formulation of the concept of public benefit, maintaining public order and regulations, and other problems can be solved when political and economic leaders have a firm consciousness of their roles and positions.

We ask the leading class once again to look at the disappointment in the eyes of the people of the nation who have come to this point only by trusting your guidance. Can you really assure in all conscience that you have faithfully fulfilled your role as guide for them? You should bear the responsibility to the end if you believe in the fulfillment of your role. If you cannot give a frank answer to this question, the people will give the answer on your behalf.

Our media cannot go beyond the frame of the present system. Our media is also responsible for a part of this system. Humbly standing before the demand for reform and innovation by the media, we pledge to meet our readers' expectations, not spoiling 71 years of achievement by this newspaper.

Bar Association To Investigate Housing Scandal

SK0603021891 Seoul THE KOREA TIMES in English 6 Mar 91 p 2

[Text] The Korean Bar Association yesterday launched its own investigation into the Suso housing scandal which, despite the arrest of nine people including five lawmakers, has left many questions unanswered, a spokesman said.

Prosecutors concluded their probe into the massive irregularities in connection with the distribution of apartment units to be built by the Hanbo business group to 26 housing cooperatives Monday.

An 11-member special investigation committee, headed by Cho Chun-hui, was formed yesterday based on the disposition of the association that the entire scope of the scandal must be revealed if social stability is to be restored.

As an initial step, the committee sent out questionnaires to all those involved and others who potentially hold crucial information, including the nine who are under arrest; President No Tae-u; Kim Tae-chung, chairman of the opposition Party for Peace and Democracy; Kim Yong-sam, co-chairman of the ruling Democratic Liberal Party; and Prosecutor-General Chong Ku-yong.

In the questionnaire delivered to the prosecutor-general, the committee hinted at the possible involvement of leading members of the ruling party in the scandal and requested an explanation as to why they were not called in for questioning.

As to the questionnaire sent to President No, the committee refrained from revealing its content until an official response is made.

Among others who received similar letters were former Seoul city mayor Pak Se-chik and Construction Minister Yi Chin-sol.

In a statement, Cho said the committee will meet with the prosecutor-general today to request cooperation in seeking interviews with those who are under arrest.

APEC Group Discusses Trade Bloc Concern

SK0603041291 Seoul YONHAP in English 0255 GMT 6 Mar 91

[Text] Cheju, South Korea, March 6 (OANA-YONHAP)—Multiplication of trade blocs is a major concern of senior representatives to the Asia-Pacific Economic Cooperation (APEC) preparation talks on the island of Cheju off the southernmost island [as received], including those from Japan and the United States.

APEC-member nations have varying proposals for the trade direction of the region, ranging from Australia's call for "non-discriminatory regional trade liberalization" to Malaysia's "East Asia economic group," which excludes North America.

Japan and the United States, addressing the issue in press conferences Wednesday, were both in principle against formation of regional or bloc trading systems but had different opinions on U.S.-pursued free trade agreements with North American nations.

Japan's trade problems with Korea were Korea's fault for its internal policy and structure, and Tokyo was opposed to any trade agreements that were exclusive and had problems with the free trade pacts pursued by the United States in North America, said Nobutoshi Akao, Japan's ambassador for global environment and Asia-Pacific cooperation.

Akao said the pacts contradict the purpose of the General Agreement on Tariffs and Trade (GATT), and the terms of each agreement should be studied and compared to see if they agree with or go against the GATT commitment to free global trade.

The U.S. trade deficit with Japan can be blamed on the Americans for consuming more than they save, Akao said.

The imbalance with Korea could be explained by imports of machinery to make export goods, the Japanese delegate said.

American delegates denied that the United States is seeking to form trade blocs in North America while urging open trade in the Asia-Pacific region.

Deputy Assistant U.S. Trade Representative Nancy Adams noted America's free trade pact with Israel five years ago and Canada two years ago. The agreement with Mexico will help the country liberalize its market and eventually U.S.-Mexico trade will flourish, she said, denying it was an exclusive action that might hurt APEC.

Robert Fauver, deputy assistant secretary of state for East Asia and Pacific Economic Affairs, also stated the U.S. commitment to open markets.

Trade made APEC-member nations' fast economic growth possible and they are the biggest beneficiaries of free trad, Fauver said. APEC countries would fully agree with the principles of GATT and multilateral trade, he said.

They denied putting heavy pressure on Korea for market liberalization, saying there were differences in understanding but was wrong to conclude there was friction. America was simply urging Korea, and other nations, to comply with GATT, Adams said.

FRG Technology Transfer To Be Accelerated

SK0303014491 Seoul THE KOREA TIMES in English 3 Mar 91 p 3

[Text] Korea and Germany have agreed to accelerate exchanges of scientists and launch joint research projects in such fields as laser, robot application and maglev (magnetic levitation) technologies, the Science-Technology Ministry said yesterday.

Science-Technology Minister Kim Chin-hyon and German Research-Technology Minister Heinz Riesenhuber agreed to promote the transfer of advanced German technologies to Korea in their meeting at the ministry yesterday, a ministry spokesman said.

Under the agreement, the Korea Science and Engineering Foundation (KOSEF) and the Deutsche Forshungs Gemeinschaft (DFG) will expedite scientist exchanges and hold joint seminars. In particular, KOSEF will send more post-doctor trainees to Germany each year.

KOSEF-supported science research centers (SRCs) and engineering research centers (ERCs) at universities will set up cooperative ties with Germany's Max Planck Gesellschaft (MPG) for joint use of research facilities, personnel and information exchanges and joint research, according to the agreement made by the two science ministers.

For transfer of advanced German technologies, Korean government- invested research institutes and German institutes will conduct joint research in four fields—new material, laser, robotics and maglev—in 1991.

The Korea Institute of Science and Technology (KIST) will jointly develop new materials for aircraft use with a German aerospace research institute, and advanced robotics technologies in cooperation with Fraunhofer Gesellschaft.

Under the agreement, the Korea Institute of Machinery and Metals (KIMM) and Braunsweig University of Germany will conduct joint research for the development of maglev and plasma assisted material surface manufacturing technology.

In particular, the Korea Research Institute of Ships and Ocean Engineering (KRISO) will sign an agreement with Fraunhofer shortly to set up a laser center at the KRISO.

EC Official Warns Companies of Shutout

SK0603015691 Seoul THE KOREA TIMES in English 6 Mar 91 p 9

[Text] The European Community may shut out Korean companies from its looming single market unless Korea takes due steps to remove obstacles to EC investment in Korea, the EC's competition commissioner suggested yesterday.

It is the EC's desire to be treated by Korea on the same basis with the U.S., Sir Leon Brittan, vice-president of the EC, told reporters, winding up a three-day visit to Seoul.

Sir Leon said the EC has a special interest in Korea's capital market liberalization, voicing strong complaints about the EC's standing in the Korean financial market.

"EC does not have free access to the Korean money market. When borrowing money, we have to pay higher interests. In the stock market, the level of capital to be put up for entry is far higher than in comparable markets."

Brittan said the EC legislation requires reports on third country financial service markets to be submitted to the EC Commission within the first half of next year. "If the report shows a lack of market access and discrimination against the EC firms in Korea, the EC may refuse licenses to new entries by Koreans in the EC markets."

He indicated that both parties need technical talks to resolve financial matters. He then said Korea's Finance Minister Chong Yong-ui expressed his willingess to hold such talks in Seoul possibly in May or June.

As for the intellectual property right issue, Brittan pointed out that the EC's patents and copyrights are not protected as the U.S.'s are, which is a "festering sore" in the Korea-EC relationship.

He talked about the general lack of transparency in Korea's market opening policies, and said he found foreign investment guidelines in Korea vague, which he sees as a "large loophole." He also said he regrets the movement against excessive consumption, which, from his viewpoint, is also a campaign against European imports.

Electronics Makers Expect Mideast Export Rise

SK0203023591 Seoul YONHAP in English 0208 GMT 2 Mar 91

[Text] Seoul, March 2 (YONHAP)—Buoyed by the end of war in the Gulf, South Korean electronics makers are raising output, resuming shipments and reopening their Mideast branches.

Goldstar, Samsung and Daewoo lost 14 million U.S. dollars in January-February in the region, but expect postwar demand will end the slump and send exports soaring over target.

They have accelerated negotiations with Arab buyers. Since war began Jan. 16, export insurance rates have been high and letters of credit have declined.

Demand is likely to be particularly high for shortwave radios, air conditioners and televisions in Kuwait, Saudi Arabia and the United Arab Emirates, where stocks are depleted.

Goldstar, which projected an export setback of 100 million dollars in the first quarter, now puts Mideast-bound exports at above 200 million dollars. The company is sending employees back to staff branches in Dubai, Jeddah and Kuwait and will strike deals with buyers from Saudi Arabia, Jordan, Yemen and UAE [United Arab Emirates] as soon as possible to resume exports to the countries. Factories have given priority to output for Gulf states.

Samsung is optimistic about meeting its target of 140 million dollars in exports to the region. It suffered a setback of 2.5 million dollars in the first two months. The branch in Dubai, transferred from Jeddah when war erupted, is seeking market information and responding to inquiries. The head office in Seoul deals with governments on communications equipment and local offices specialize in negotiations with private buyers of home appliances.

Daewoo is ready to resume shipments to uae through its Dubai branch and will open a production line for exports to the Middle East.

* Gulf War's Impact on ROK Economy Forecast

* Overseas Building Boom

912C0124A Seoul HANGUK KYONGJE SINMUN in Korean 19 Jan 91 p 19

[Article by reporter Yang Chong-chin: "The Gulf War, a Bullish Factor for the Overseas Construction Business"]

[Text] Analysts predict that our construction firms operating overseas will inevitably suffer losses on account of the Gulf War, due to property damage and for other reasons, in the short run, but in the long run they will benefit from the aftermath of the war. When the need for development increases in the Middle East oil producing countries, with the sharp rise in their earnings from oil sales spurred by the soaring oil prices, our construction firms are expected to have greater opportunities to participate in postwar reconstruction projects in these countries as construction orders from them increase sharply.

According to analysts, our construction firms will receive $3.09 billion worth of orders a year if postwar oil prices stay at a $25 level and $4.07 billion worth of orders if oil prices are at a $32 level.

This forecast is given in a report entitled "The Persian Gulf War and the Prospects for the Middle East Construction Market," released by the Institute for Overseas Construction Economic Research under the Overseas Construction Association.

This report forecasts a short-term loss of $1,622 million for our overseas construction firms caused by the suspension of or delay in the ongoing projects as a result of the Gulf War.

The total amount of loss includes $82 million in unrecovered construction costs in Kuwait, $755 million in unrecovered construction costs in Iraq, the losses from the inability to settle drafts due to the deteriorated finances, the cost of withdrawing personnel and equipment, the damage to the temporary structures already put up, and the natural loss of materials.

There will also be indirect losses. For instance, Iraq, Kuwait, and other Gulf countries may cancel or withhold their orders until after the Gulf War ends, and it will be increasingly difficult to recruit construction workers due to their reluctance to work in the Middle East.

It is assumed that if oil prices are at the $30 level, the resulting increases in construction materials and equipment will push up the construction cost by 7.5 percent, and the rate of increase will be 13.6 percent if oil prices are at the $40 level.

If oil prices reach the $30 level, the international interest rate (on the London Interbank Offered Rate /LIBOR/ basis) will increase to 10.8 percent, causing an additional $35 million increase in the construction cost.

In the long run, however, it is expected that despite this loss, demand for development, such as postwar reconstruction projects and the construction of military and industrial facilities, will increase in the Middle East oil producing countries, thanks to their accumulated oil money, creating a favorable climate for our overseas construction firms by providing them better opportunities to participate in these projects.

When the first and second oil shocks were over, construction orders issued by oil-producing countries sharply increased, and the amount of orders received by our construction firms also soared. Similar increases are expected when the Gulf War ends.

Economic development projects in the Middle East countries, whose economies depend 90 percent on their oil income, are closely related to their oil income, as shown by the fact that the amount of development orders placed by these countries has been 12.5 percent of their oil income on an average for the past three years.

At this ratio, it is assumed that if the crude oil export price is $25 per barrel (Scenario I), the total annual oil income of the Middle East as a whole will be $176.7 billion and the total amount of construction orders will reach $22.09 billion.

If the oil price stays $28 per barrel (Scenario II), the oil income and the amount of construction orders are expected to reach $197.9 billion and $24.74 billion, respectively. If the oil price rises to $32 per barrel (Scenario III), the oil income and the amount of construction orders will reach $226.2 billion and $28.28 billion, respectively.

The ROK share in the Middle East construction market has been 14 percent on an average for the past five years since 1985, the amount of construction orders totalling $9.53 billion.

Supposing the same rate of market share is maintained by our construction firms, the total of orders received by our country will reach between $2.72 billion and $4.07 billion a year when the oil price is $22. Construction orders received by our country from the Middle East market are expected to total $3.09 billion in Scenario I (the oil price at $25), $3.57 billion in Scenario II (the oil price at $28), and $4.07 billion in case of Scenario III (the oil price at $32). In terms of orders received, the building and public works sectors have relative advantages accounting for 30 percent and 27 percent, respectively, of the total orders received by our country, whereas the service sector accounts for only 1 percent, indicating its weak competitive position.

The special plant sector of our country has grown considerably and now accounts for 25 percent of the total orders received. However, it lags behind Japan (79 percent), Germany (61 percent), Italy (60 percent), and France (49 percent).

The United States and Saudi Arabia are highly competitive in the service sector, the amount of service orders each receives accounting for 48 percent of the total orders received. The United Stats is strong in designing and construction management whereas Saudi Arabia is strong in maintenance and repair. In the case of Yugoslavia and Turkey, the civil works sector accounts for 57 to 58 percent of the total orders they receive.

Considering all these factors, the report in question stresses that in order to increase orders received, the public works and housing construction sectors, the strong links in our country, need to be strengthened to stave off the pursuit by Yugoslavia and Turkey, while trying to catch up with the advanced countries by strengthening the special plant sector.

On the other hand, the report forecasts that in the case of the Gulf War ending soon, our country will receive orders for seven major projects worth $1,937 million in total.

Our firms are expected to receive orders for the following major projects: a $920 million additional second-stage channel project in Libya, a $468 million housing project in the (Jaburah) area in Libya, a $270 million airplane hanger project in Saudi Arabia, a $182 million second-stage PKG project at the Number-two Ra's al-Unuf petrochemical complex in Libya, a $70 million gas processing plant in Dalan in Iran, a $14 million thermal power plant expansion project west of Cairo, and a $13 million olefin plant in Saudi Arabia.

* Impact on Economic Growth

912C0124B Seoul HANGUK KYONGJE SINMUN in Korean 29 Jan 91 p 3

[Article by reporter O Tong-hon: "A Growth Rate of 2 to 3 Percent Forecast in the Worst Case"]

[Text] How much will "Desert Storm" affect our economy?

On 18 January, the second day of the war in the Persian Gulf, most of major economic research institutes predicted that our economy would experience considerable difficulty as higher oil prices lead to a higher rate of inflation.

The concrete impact of the war will differ according to "the length of the war" and "the degree of damage inflicted on oil-related facilities." But, analysts day that at least in the short term, our economic growth will be limited by the upward trend in international oil prices and the resulting increase in oil prices and in the general price level in our country.

The following is a sector-by-sector summary of the reports on "the trickle-down effect of the Gulf War on our domestic economy," published by the Korea Development Institute (KDI) and other major economic research institutes.

International Oil Prices

Few major economic research institutes predict that the outbreak of the Gulf War will cause an oil shock similar to the ones experienced in the first and second Middle East wars.

This prediction is based on the analytic view that the oil reserves on hand in the member nations of the Organization for Economic Cooperation and Development (OECD) are enough to cover as much as 97's supply (3.5 billion barrels), and the oil price increases since last August were spurred by the speculative demand caused by the wartime mentality, not by an imbalance between supply and demand; accordingly, when the war ends, oil prices will drop rapidly.

The Industrial Research Institute predicts that even if there is no significant gap between supply and demand, there is the possibility that oil prices will soar temporarily as high as $40 per barrel in the wake of the outbreak of the war, but that when U.S. victory becomes a certainty and the damage to the oil fields is minimal, then oil prices will drop sharply to the level of $20 per barrel.

On the assumption that the Gulf War will end in a month at the latest, KDI presents the following three scenarios:

In scenario I, which is the most likely case, the war will end quickly, in a week or so, without much damage to the oil fields, and international oil prices will plummet to the level of $20 per barrel when the war is over.

Scenario II assumes that Iraq will attack and destroy the Saudi oil fields during the month-long war, and it will take about five months to rebuild the damaged crude oil producing and transporting facilities. In this event, international oil prices will stay at a sharply high level exceeding $50 per barrel for the duration of the war, but drop to somewhere between $30 and $35 in the first five months following the end of the war and subsequently level off at $20 per barrel. Scenario III assumes that the conflagration will engulf all of the Middle East as a consequence of the Iraqi attack on Israel, and international oil prices will shoot up to $90 or $110 for the duration of the month-long war. In this event, oil prices will stay at the $40 to $50 level in the postwar reconstruction period which is expected to last for about six months before dropping to $20 per barrel.

Growth

It is too early to prognosticate the rising trend of oil prices caused by the outbreak of the Gulf War, but when international oil prices rise, it will inevitably lead to rising domestic oil prices and consequential price instability and weakened international export competitiveness, thereby dealing a serious blow to our frail domestic economy.

There will be a spate of increases in various public utility rates in the early part of the year, immediately on the heels of the increase in domestic oil prices in late last year.

The Daewoo Economic Institute, in a report "The Impact of Oil Prices on Our Domestic Economy," forecasts that because of the Gulf War, international oil prices will rise to the level of $35 per barrel, or 40 percent higher than the original estimate of $25 per barrel. On the basis of this assumption, it predicts that the rate of real-term GNP growth in our economy for this year will peak at 5.1 percent, or 1.1 percentage point lower than the original estimate of 6.2 percent.

According to previous researches, a one-percentage-point drop in the GNP growth rate results in an additional 60,000 to 70,000 unemployed workers. The question of unemployment is expected to become a new issue as a result of the slowdown in economic growth.

In connection with the current Gulf situation, KDI warns that in the worst case, the rate of real-term economic growth this year could drop to as low as 2 to 3 percent.

The "worst-case scenario" assumed by KDI is that Iraq will mount an attack on Israel, drawing all of the Middle East into the war and bringing crude oil production to a complete halt. On the 18th, the second day of the war, Iraq began to launch a missile attack on Israel, making it difficult to rule out such a "worst-case scenario."

Meanwhile, the Samsung Economic Institute also has presented three scenarios related to the Gulf War similar to those presented by KDI.

As the most likely scenario (70 percent likelihood), the Samsung Economic Institute presents the following prognostication: The war will end in a short time without damage to the oil fields as intended by the United States; oil prices will soar temporarily during the war, but subsequently drop and level off at the prewar level of $23 to $25 per barrel; and in this event, U.S. influence in the Middle East will wax, and a smooth oil supply will be ensured, with the result that our GNP will grow at the rate of 7 percent, slightly higher than the 6.6 percent forecast before the outbreak of the war, spurred by the strong yen and increases in exports to East Europe.

The Samsung Economic Institute, however, warns that if the war escalates into an all-out war, the GNP growth rate will drop to 3 percent, half the level forecast before the war.

Price Increases

With increases in various public utility fees forthcoming in the early part of the year in the wake of the oil price increase in late last year, the price issue is emerging as the most difficult problem to handle in the management of the economy this year. Under these circumstances, many fear that the additional increase in domestic oil prices and in the prices of petroleum-related products resulting from the sharp rise in international oil prices, may shake the growth foundation of our economy.

According to the KDI analysis, the shock of the rising international oil prices usually continues for about four years, and supposing the international oil price level increases by 50 percent, this increase will cause an additional 2.5-percentage-point increase in the inflation rate in the first year in terms of a GNP deflator. In the three scenarios presented in connection with the current Gulf War, KDI warns in particular that no matter in what form the war may end, the rate of increase in wholesale and consumer prices will both reach a two-digit figure this year. In the worst-case scenario which assumes the escalation of the war into all of the Middle East, the rate of increase of wholesale prices will reach about 25 percent and that of consumer prices about 20 percent.

According to the Daewoo Economic Institute's forecast, if the international oil price rises to $35 per barrel from the original estimate of $25 per barrel, it will add an additional 2.8-percentage-point increment to the rate of increase in the wholesale price level, pushing it up to 9.8 percent altogether. On the other hand, consumer prices will increase by 13.6 percent, which includes the increment of 2.6 percentage points generated by the oil price increase.

The Samsung Economic Research Institute's analysis also presents a clear picture of similar price instability. Samsung predicts that unless the war ends soon without damage to the oil fields, a two-digit inflation rate will be inevitable, and that in the worst-case scenario assuming all of the Middle East is engulfed by the conflagration, consumer prices will increase by 19.5 percent.

Balance of International Payment

An escalation of the Gulf War will not only push up international oil prices and the unit import prices of petrochemical products, thus swelling the total amount of our imports, but will also weaken our export competitiveness, and diminish imports by the Middle East countries and major industrialized nations, thereby depressing our international payment position in both imports and exports.

In a recently published analytic report, "The Impact of the Gulf War on Our Imports and Exports," the Ministry of Trade and Industry forecasts that if an all-out war is waged and ends in 10 days or less, our exports would decrease by about $2.8 billion. On the contrary, the report says, due to increases in international oil prices and in the prices of petrochemical products, the amount of our imports will increase by about $2.8 billion, and as a result, our trade balance will deteriorate by about $5.6 billion.

In this scenario, our imports from the Middle East will decrease by $300 million and our imports from the rest of the world by $2.94 billion due to the depression in the world economy, whereas our exports to oil-producing countries in areas other than the Middle East will increase by $440 million. In another scenario assuming that a limited war instead of an all-out war is waged and drags on for two or three months, the Ministry of Trade and Industry forecasts that the red ink in our balance of international payments will increase by approximately $1.44 billion, less than it would in case of an all-out war. According to the ministry, this is because in a short war, many industrial facilities including oil field facilities will be destroyed, but in a prolonged war the situation will be different.

KDI originally estimated our trade deficit this year at $3.3 billion, but expects the deficit to exceed $4.4 billion, and even to reach $16 billion in the worst case.

At this time, it is impossible to accurately predict the direction of the Gulf War, which is in its early stage.

However, the prevailing view is that inasmuch as it is quite clear that our domestic economy will go through hard times irrespective of the length of the war, appropriate countermeasures should be worked out.

In the opinion of KDI, it will be difficult to use tight-money measures to counter cost-push inflation caused by external factors such as rising international oil prices. According to KDI, the government should rather maintain a conservative expansionary financial policy in principle by providing greater liquidity, but in the early stage of the war in which a temporary tight-money situation is likely, it is desirable to expand the money supply. In addition, in order that the production sector may avoid the pressures of a fund shortage due to curtailed operation, an uninterrupted energy supply should be insured for this sector; nonetheless strong administrative measures should be taken against luxury service industries on a priority basis by enforcing such measures as a reduction of their operating time and the observance of regular holidays.

KDI Forecast for Gulf War's Impact on ROK Economy

Entry Items	Original Estimate	Scenario I	Scenario II	Scenario III
Real GNP Growth (%)	7.1	6.7	5.0 or so	2.3
Total Consumption (%)	7.8	7.8	5.5	3.5
Fixed Investment (%)	9.2	9.0	6.1	4.0
(Equipment Investment) (%)	10.0	9.3	6.0	2.0
(Construction Investment (%)	8.1	7.8	6.1	6.0
Commodity Exports (%)	5.3	4.5	0.2	-5.0
Commodity Imports (%)	7.0	6.4	3.5	-2.0
Trade Balance (in billions of dollars in red ink)	3.3	4.4	9.5	16
Exports (in billions of dollars in red ink)	68.7	68.6	68.5	68.5
(Rate of Increase in %)	(8.3)	(8.2)	(8.1)	(8.1)
Imports (in billions of dollars)	72	73	78	84.5
(Rate of Increase in %)	(11.5)	(12.7)	(20.0)	(30.0)
Inflation Rate (%) GNP Deflator	8.0	9.2	12.0	14.0
Wholesale Prices	9.8	10.5	16.0	25 or so
Consumer Prices	9.7	10.8	15.0	20 or so

Note: Scenario I assumes that the war will end in victory for the United States in a short period of one week or so, without damage to the oil fields. Scenario II assumes that the war will continue for one month or so, and the oil fields will sustain damage due to Iraq's attack on Saudi Arabia and for other reasons, necessitating the rebuilding of the damaged fields which will take about five months following the end of the war. Scenario III assumes the escalation of the war into all of the Middle East due to Iraq's attack on Israel.

Impacts of Gulf War by Scenarios (Samsung Economic Institute)

	Scenario I	Scenario II	Scenario II
Situation	War ends soon in U.S. victory	Prolonged stalemate	All-out war across Middle East
Oil Field Damage	Minor	Minor	Major
Oil Prices (in dollars per barrel)	23 to 25	30	50 to 80
Probability (%)	70	20	10
(Growth Rate, World Economy)	0.3 to 0.4 percentage point higher than original OECD projection of 2 percent	as low as 1.7 %	minus growth
(Domestic Economy)			
GNP Growth Rate (%)	7.0	6.0	3.0
Consumer Price Increase (%)	9.5	12.5	19.5
Current Account Balance Deficit (in billions of dollars)	4.5	7	10
Exports (on customs clearance base, in billions of dollars)	69	67.6	65.6
(Rate of Increase, in %)	(6.2)	(4.0)	(0.9)
Imports (on customs clearance base, in billions of dollar)	76.8	78.5	79.5
(Rate of Increase, in %)	(10.2)	(12.6)	(14.1)

Burma

Singapore Air Chief Arrives in Rangoon

BK0503150591 Rangoon Domestic Service in Burmese 1330 GMT 5 Mar 91

[Text] Brigadier General Michael Teo, commander in chief of the Singapore Air Force, and his entourage arrived by a special aircraft in Yangon [Rangoon] at 1130 today at the invitation of Lieutenant General Tin Tun, commander in chief of the Air Force.

The visiting Singapore Air Force commander in chief and his delegation were welcomed at the airport by Lt. Gen. Tin Tun; Brig. Gen. Thein Win, chief of staff of the Air Force; Brig. Gen. Maung Maung, commanding officer of the 502d Air Base; Brig. Gen. Tin Ngwe, commanding officer of the Air Force Training School; Colonel Than Tun, deputy director of the Defense Services Intelligence; Col. Sein Htwa, deputy commander of the Yangon Military Command; Col. Hla Pe, chief of Industries Division of the Air Force Chief of Staff Office; and Mr. (Lim Peck Heng), charge d'affaires ad interim of the Singapore Office.

Lt. Gen. Tin Tun and Brig. Gen. Michael Teo inspected the guards of honor before proceeding by motorcade to the No. 2 Defense Services guest house.

At 1300, Brig. Gen. Michael Teo and his delegation called on General Than Shwe, deputy commander in chief of the Defense Services and commander in chief of the Army, at the Dagon Yeiktha hall of the Ministry of Defense.

Also present at the meeting were Vice Admiral Maung Maung Khin, commander in chief of the Navy; Lt. Gen. Tin Tun, commander in chief of the Air Force; Major General Khin Nyunt, director of the Defense Services Intelligence; Maj. Gen. Tin U, chief of staff of the Army; Brig. Gen. Abel, director of Defense Services Procurement; Brig. Gen. Thein Win, chief of staff of the Air Force; and Thura U Aung Htet, director general of the Foreign Ministry's Protocol Department.

At 1500, Brig. Gen. Michael Teo and his entourage called on Lt. Gen. Tin Tun at the Defense Ministry's Dagon Yeiktha hall. Also present on the occasion were Brig. Gen. Thein Win, chief of staff of the Air Force; Brig. Gen. Tin Ngwe, commanding officer of the Air Force Training School; and Col. Hla Pe, chief of industries division of the Air Force Chief of Staff Office;

In the evening, Lt. Gen. Tin Tun, commander in chief of the Defense Services, held a banquet for the visiting Air Force chief and his entourage at the No. 2 Defense Services guest house.

Authorities Signal Change in Logging Policy

BK0403020391 Bangkok THE NATION in English 4 Mar 91 p B3

[By Aphisak Thanasetthakon]

[Text] Burmese authorities in Rangoon have signalled a shift in the country's logging policy following their successful retaking of some areas formerly controlled by ethnic rebels in northern Burma, according to sources in the logging industry with business ties in the neighbouring countries.

Burma, officially known as Myanmar, has moved its soldiers into these areas and planned to build infrastructure facilities, such as roads, power plants and saw mills.

Sources said Thai concessionaires with logging agreements with the Rangoon regime face more conditions if they want to continue their business.

For example, Rangoon has indicated that logging activities should help generate income to pay for the infrastructure development.

It also said loggers should contribute a minimum of US$1 million per project. Otherwise, their activities will be prohibited.

Sources said it is likely that Rangoon will ask Thai logging firms to increase their "involvement" in the development effort in the following stages.

"At present, Rangoon soldiers have control over several areas where Thai firms are doing business. Some loggers have to accept the conditions because they have already invested a substantial amount while others have decided to quit. Investment by some firms has exceeded Bt [baht] 100 million each," said one source.

Rangoon soldiers also contend that they will be able to provide better protection to Thai firms.

Since the request for financial contribution in development programmes is new, some Thai firms have sought a clarification from Myanmar Timber Enterprise, Rangoon's state unit in charge of logging concessions, but Myanmar Timber said its organisation and the military are separate.

Sources said since some areas, formerly controlled by ethnic rebels, especially those in northern Burma, are now retaken, Rangoon has decided to shift its logging policy with a view to conserving its natural resources.

This policy shift is underway in the form of more conditions facing Thai firms.

They said Rangoon is also probably interested in retaking the logging business from Thai firms because it is now possible in some areas under its military control.

This trend will drive Thai firms out of Burma and encourage them to seek logging opportunities in Cambodia.

Several Thai firms have ventured outside Thailand following the government's closure of all logging concessions in Thailand a few years ago.

Burma has been one of the major sources of woods for Thai industries in the past years.

Earlier, Thai firms were welcomed as Rangoon saw the opportunity to earn large amounts from logging in the border areas controlled by ethnic rebels.

Brunei, Malaysia & Singapore

Malaysia

New Zealand Supports Proposed Economic Bloc

BK0603071291 Kuala Lumpur International Service in English 0600 GMT 6 Mar 91

[Text] More support is coming for the East Asian Economic Grouping [EAEG] proposed by Malaysia. This time, from New Zealand which has [words indistinct] by expressing its desire to be a member. Its minister of trade negotiations [title as heard], Philip Burdon, says New Zealand fully appreciates the grouping's concept which subscribes to the principles of free trade in the international marketplace. He told reporters this after calling on the Malaysian minister of international trade and industry, Datuk Sri Rafidah Aziz, at her office in Kuala Lumpur today. Mr. Burdon is on a two-day visit to Malaysia.

Although not part of the East Asian region, he said New Zealand, which is geopraphically part of Asia, expects in the long term to be integrated into the region's economic development by being a member of the grouping. He also said the EAEG initiative is clearly complementing the General Agreement on Tariffs and Trade. As a result, it has further prompted New Zealand to participate in any efforts to enhance regional economic cooperation. Among the countries in the region, Mr. Burdon said New Zealand has identified Malaysia as a target from which to further enhance its economic ties with the ASEAN and Asian economies.

Trade between Malaysia and New Zealand last year amounted to about 700 million ringgit which, he said, could be further expanded through increased imports and exports of goods and services as well as through the setting up of joint ventures in each other's countries.

Goh Chok Tong on ASEAN; Returns From Bali

BK0503145691 Singapore Domestic Service in English 1400 GMT 5 Mar 91

[Text] The prime minister, Mr. Goh Chok Tong is back after a three-day trip to Bali where he attended the conference on ASEAN and the world economy. He said it was agreed by the leaders of Indonesia, and Malaysia, and Brunei that the forthcoming ASEAN summit in Singapore will go on as scheduled. The meeting will take place at the end of this year or early next year. ASEAN's foreign ministers will get together to work on the summit's planning and agenda.

On the [words indistinct] a formal summit for ASEAN leaders, the four heads of governments agreed that it could be held once every two years or so with new set agendas.

Mr. Goh said the ASEAN leaders also discussed the Cambodian issue. They agreed on the latest efforts to get Vietnam and Cambodia to support the French and Indonesian initiative.

On the ASEAN, in his keynote address yesterday, Mr. Goh said he hoped [words indistinct] and it is focussing on one issue. In his first speech before an international audience as prime minister, Mr. Goh had stressed that ASEAN had entered a new phase of economic cooperation. [Words indistinct] by market place and competitiveness. Mr. Goh said some U.S. investors reacting to his speech said they are now convinced that Singapore is stable and will invest here.

Foreign Minister Greets Thailand After Coup

BK0603093691 Singapore THE STRAITS TIMES in English 4 Mar 91 p 1

[Text] Foreign Minister Wong Kan Seng yesterday said that Singapore wished Thailand well following a military coup last month, and hoped that, over time, the people there would decide on the kind of government they want to have.

Speaking to reporters after a five-hour walkabout in Jalan Besar GRC [General Recreation Club] yesterday, he said:

"Thailand is an ASEAN country.

"We hope that the situation, which has already almost returned to normal, will continue and that, over time, the people will decide on the kind of government they want to have."

He noted that there had been no serious trouble since the coup took place.

"The leaders have taken charge and now they have appointed a caretaker prime minister," he said, adding: "We wish them well".

The Thai coup, which took place on Feb 23, toppled the government of General Chatchai Chunhawan.

On Friday, the military junta announced a provisional constitution and pledged to hold elections by the end of the year.

Former diplomat Anan Panyarachun was appointed on Saturday as caretaker Prime Minister to head an interim government until the elections.

Cambodia

Son Sann Message on KPNLAF Anniversary

BK0603075991 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 5 Mar 91

[Message from Son Sann, president of the Khmer People's National Liberation Front, on the 12th founding anniversary of the Khmer People's National Liberation Armed Forces; dated 5 March; read by Ieng Mouli, secretary general of the Khmer People's National Liberation Front and member of the Supreme National Council—recorded]

[Summary] March 5 is the most important historic day of our Khmer People's National Liberation Front [KPNLF]. It was on this day in 1979 that we founded our Khmer People's National Liberation Armed Forces [KPNLAF].

On this occasion, all of us must salute the souls of our combatants who have sacrificed their lives on the battlefield in the struggle for national liberation. I would like to sincerely commend all the officers and soldiers in the KPNLAF who have fulfilled their mission and are carrying out military operations inside the country, strictly respecting KPNLF principles and discipline as well as helping and serving our people, thus liberating and controlling a large part of the territory inside the country.

The mission of our combatants is a very heavy one. But, due to our resolute patriotism, we will certainly score greater victories. However, only with the people's support can such victories be achieved. Therefore, wherever and whenever you are on your mission, you, our combatants, must know how to protect our people and treat them as your own parents.

"Simultaneously, I would like to solemnly call on the armed forces of all Cambodian factions to respect the properties of the people and nation, such as ancient temples and places with sacred objects—the symbols of our national soul. These are being ruined by evil persons who are using the war situation in the country as a smokescreen, and have committed crimes and destruction against their own nation.

"As is known to all venerable monks and my compatriots, I have no intention of using military forces for settling the problems in Cambodia. But, the aggressive acts of the Vietnamese have forced every Cambodian to resolutely launch all forms of struggle for national liberation."

At present, many Vietnamese troops are still hiding inside Cambodia through a conspiracy with the Phnom Penh rulers. Moreover, nearly two million Vietnamese nationals have been sent to live in Cambodia. They are playing important roles in exploiting Cambodia's economy. Moreover, they have nibbled Cambodian border territory adjacent to Vietnam by moving border markers deep inside Cambodia and putting provinces such as Stung Treng, Ratanakiri, and Mondolkiri Province, under Vietnamese control.

"In the face of such a threat to our nation, all of us have fought fiercely with the active support of the friendly countries which cherish peace and justice across the world. A recent important event is the unanimous decision taken by the permanent members of the UN Security Council [UNSC] in proposing a correct formula with an aim of peacefully ending the war in Cambodia through political means, for which the three Cambodian resistance groups have already voiced their full support. But, it is regrettable that a handful of rulers in the Phnom Penh regime have voiced opposition to this solution. This shows that they are the real bulwarks of Vietnamese aggression. They do not want to end the war peacefully as they are backed by the intervention forces of the Vietnamese army, which are instigating Cambodian youths to take up arms to fight and die for them.

"Recently, Vietnam and Phnom Penh showed their intransigence by voicing their objection to the solution proposed by the UNSC permanent members, claiming that this may allow the Khmer Rouge to return to power. They have adhered to the obstinate stance of using arms to protect their power and interests. Such an act can only bring endless destruction to the Cambodian people."

I would like to make the following appeal:

1. For all Cambodian factions to stop destroying our nation, so that we can reconstruct and make our country prosper again in the future.

2. For the Phnom Penh leaders to change their attitude, stop taking obstinate stances, accept the peaceful formula of the UNSC permanent members, and make reasonable considerations so as to jointly end the misery of the Cambodian people and bring independence to our country.

3. For all KPNLF members, military and civilian, to more closely unite so as to permanently liberate our country from the claws of the Vietnamese aggressors.

4. For the friendly countries which cherish peace across the world to continue to support bringing about a peaceful solution for Cambodia within the near future.

May all venerable monks, combatants, and Cambodian compatriots enjoy the five Buddhist blessings.

Resistance Alleges Troops Use Chemical Weapons

BK0603085791 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 5 Mar 91

[Station commentary: "The Cambodian People and the National Government of Cambodia Furiously Condemn the Vietnamese Enemy Aggressors for Criminally Using Chemical Weapons Against the Cambodian National Resistance and the Innocent Cambodian People"]

[Text] In their onslaughts on liberated areas situated on both sides of Route 10 in Battambang Province between 22 and 26 February, the Vietnamese enemy aggressors ordered their aggressor troops in Cambodia to again use chemical poisons in the most barbarous manner against our Cambodian National Resistance [CNR] forces. This is the notable and cruel criminal act pursued by the Vietnamese enemy aggressors amongst a great many crimes that they have committed against the Cambodian nation and people during their war of aggression in Cambodia for more than 12 years. The utilization of chemical and biological guns as well as other bacteriological weapons is prohibited by the world through a number of international treaties:

1. The Hague 1899 convention on land strategy absolutely forbids the use of chemical equipment or weapons;

2. The Geneva 17 June 1925 protocol prohibits the use of chemical and bacteriological weapons or other poisonous substances in carrying out war;

3. On 5 December 1966, the United Nations adopted a resolution calling for strict respect for the conditions specified in the 17 June 1925 protocol interdicting the use of chemical and bacteriological weapons in war;

4. On 16 December 1969, the UN General Assembly adopted another resolution proclaiming that the use of chemical or bacteriological weapons is considered a violation of the conditions spelled out in the Geneva 17 June 1925 protocol.

By all accounts, the Hanoi authorities have, in their war of aggression in Cambodia, employed all kinds of methods, including the use of chemical weapons and poisonous gas, against the Cambodian nation and people without the least fear of the aforementioned international conventions. The Hanoi authorities have utilized the chemical weapons and poisonous gas not only to oppose our CNR forces on the battlefield, but also our innocent Cambodian people in general. They have continuously and systematically made use of the chemical poison through shelling and spraying from planes. They have ordered their agents to put the poison in water reservoirs, wells, ponds, etc. that our people use daily and on vegetables and foods put on sale in markets. They have gone so far as to spray out the poison through pipes secretly installed in villages, causing hundreds and even thousands of our innocent people each time to lose their lives miserably.

Concrete evidence on the use of chemical weapons by the Vietnamese has successively been confirmed by the world since Vietnamese troops used chemical weapons to fire on Thai territory in 1981 to kill Cambodian refugees. Now, as they have their back to the wall on the battlefield, the Vietnamese enemies have ordered their aggressor forces to restart the utilization of chemical weapons.

The Cambodian people and the National Government of Cambodia vehemently condemn with outrage the notoriously barbarous and criminal acts of the Vietnamese enemy aggressors. We wish to appeal to the international community and various international humanitarian organizations to strongly condemn the criminal use of chemical weapons by the Vietnamese enemy aggressors and to jointly bring stronger pressure to bear on them until they are forced to put an end to their war of aggression in Cambodia in compliance with the 28 August 1990 framework blueprint and the 26 November 1990 draft agreement.

Resistance Criticizes Assembly, Urges Meeting

BK0603035991 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 5 Mar 91

["Clarification of the Cambodian National Government's Foreign Ministry on the Destruction of UN Documents by the Hanoi Vietnamese and Puppets"; dated 5 March—read by announcer]

[Text] I. The essence of the 28 February 1991 statement of the Vietnamese Foreign Ministry and the theatrical farce of the puppet Assembly's session in Phnom Penh on 1 March 1991 is clear evidence showing the world that this farce of the puppet Assembly's session was clearly staged by the Hanoi Vietnamese to oppose and destroy the framework document of the five permanent members of the UN Security Council [UNSC] dated 28 August 1990—which was officially adopted by the entire UNSC through decision No. 668—and through this to also oppose and destroy the 26 November 1990 draft agreement, the 10 September 1990 Jakarta joint statement, and the 23 December 1990 Paris joint statement.

II. We would like to discuss the essence of the 28 February 1991 statement of the Hanoi Vietnamese aggressors and that of the 1 March 1991 statement of the Phnom Penh's puppet Assembly session.

1. The Hanoi Vietnamese have appealed to the United Nations to supervise a cease-fire and the end of aid to all warring parties in Cambodia and said this is a measure to end what they call the civil war in Cambodia. The Hanoi Vietnamese, however, did not say anything at all about the five permanent members' 28 August 1990 framework document, the 26 November 1990 draft agreement, the 10 September 1990 Jakarta joint statement, and the 23 December 1990 Paris joint statement. In particular, the Hanoi Vietnamese did not say a word about the essence of the 28 August 1990 document and the 26 November 1990 draft agreement relating to the withdrawal of all types of foreign forces from Cambodia, the UN transitional authority, and the disarming and dissolution of all armed forces in Cambodia. Is this not opposition to and an attempt to destroy the 28 August 1990 framework document and the 26 November 1990 draft agreement? Is this not an attempt to dupe world opinion on the true nature of the war in Cambodia—Vietnam's war of aggression—and transform it into a civil war? Is this not an attempt by the Hanoi Vietnamese to avoid responsibility for their war of aggression in Cambodia?

The world is in fact clearly aware that Vietnamese aggressor forces are currently still occupying and controlling Cambodia. Cambodian national resistance forces and the Cambodian people are fighting directly against genuine Vietnamese aggressor troops on the Cambodian battlefield throughout the country.

2. The Vietnamese and their puppets and lackeys in Phnom Penh have again and again repeated that the essence of the 26 November 1990 draft agreement is not

in accordance with the principles of respect for Cambodia's sovereignty and respect for the Cambodian people's right to self-determination. The Hanoi Vietnamese aggressors and the Phnom Penh puppets use the words Cambodia's sovereignty and the Cambodian people's right to self-determination to oppose the role of the UN transitional authority, the UN role, and that of the UN peacekeeping force to carry out overall supervision, particularly supervision of the withdrawal of all Vietnamese aggressor forces from Cambodia and the Hanoi Vietnamese' continued occupation of Cambodia.

The world can make a judgment on this.

3. The appeal by the so-called Assembly of the Phnom Penh puppets, Vietnam's lackeys, has called for a meeting of the Supreme National Council [SNC] to solve what they call the internal aspect. Thus, the Hanoi Vietnamese, the masters, pretend to appeal for a solution to the so-called external aspect while the Phnom Penh puppets have appealed for a solution to the so-called internal aspect. This clearly shows that the farce of the Phnom Penh Assembly's session was staged by the Hanoi Vietnamese aggressors in order to reuse Vietnam's outdated maneuvers in an attempt to include the so-called external and internal aspects. This is an outdated and rotten maneuver which was discarded by the world a long time ago.

It is also to be noted that the Hanoi Vietnamese aggressors and their puppets and lackeys have prevented the SNC from being fully formed while appealing at the same time for the convening of the SNC. This is an attempt to hinder and obstruct the meeting of the coordinating committee of the Paris International Conference on Cambodia. It is an attempt to prevent the meeting of the four Cambodian parties with the cochairmen of the Paris conference. The Hanoi Vietnamese aggressors and Vietnam's puppets and lackeys in Phnom Penh are afraid of any meetings convened within the framework of the Paris conference because if meetings are held within the framework of the Paris conference, Vietnam and its puppets certainly cannot avoid the 28 August 1990 framework document of the UN Security Council's five permanent members and the 26 November 1990 draft agreement.

4. The Hanoi Vietnamese aggressors and their Phnom Penh puppets and lackeys still stubbornly demand that the so-called political and military status quo be maintained until there is a new government after elections. This is opposing the role of the UN transitional authority, which has the task of administering Cambodia in the transitional period and also organizing and supervising the elections. This is fully opposing the 10 September 1990 Jakarta joint statement, which was signed by all parties recognizing that the SNC is a legitimate body and the sole source of power representing Cambodia's independence, sovereignty, and unity during the transitional period. This is fully opposing Article 19 of the 28 August 1990 framework document, which requires that all parties' armed forces be dissolved before the elections. This is an attempt to maintain the Phnom Penh puppet regime and the Phnom Penh puppet forces so the puppet regime and puppet forces can continue to hide Vietnamese aggressor forces and so Vietnam can continue to stage theatrical farces to dupe the world and legitimize Vietnam's act of aggression in Cambodia forever.

III. From the above essence of statements by the Hanoi Vietnamese aggressors and their puppets and lackeys in Phnom Penh, is there anything left of the claimed acceptance of the Hanoi Vietnamese aggressors and their puppets of the UNSC five permanent members's 28 August 1990 and the 26 November 1990 draft agreement? Nothing at all, from the UNSC five permanent members' 28 August 1990 framework document, the 26 November 1990 draft agreement, the 10 September 1990 Jakarta joint statement, to the 23 December 1990 Paris joint statement. This essence has already been witnessed by the world in Vietnam's 7 November 1990 memorandum. All the above facts clearly show the history of the Hanoi Vietnamese aggressors' hideous diplomacy, which is unprecedented in world history. The Hanoi Vietnamese say one thing and do another. They have been doing things this way according to their tricky nature. They have not honored the agreements they have signed.

IV. The Cambodian national government [CNG] and the Cambodian national resistance forces, under the leadership of Samdech Norodom Sihanouk, head of Cambodia and the Cambodian national resistance forces, would like to reaffirm their unswerving stance in fully supporting the UNSC five permanent members' 28 August 1990 framework document, officially adopted by the entire UNSC through decision No. 668, and the 26 November 1990 draft agreement. The CNG, the Cambodian national resistance forces, and the Cambodian people call on everyone to fully abide by the UNSC's decision 668 and all the above documents. No one has the right to alter these documents.

V. In accordance with the 23 December 1990 Paris joint statement, all parties have agreed to quickly convene the meeting of the coordinating committee of the Paris international conference. Therefore, the CNG and the Cambodian national resistance forces hold that it is necessary to convene most quickly the meeting of the coordinating committee of the Paris international conference in accordance with the 23 December 1990 Paris joint statement in order to speedily advance a comprehensive solution to the Cambodian problem. This is so that Cambodia regains its independence and sovereignty and the Cambodian people peace and security, and so that the peace and stability in Southeast Asia will be safe from all threats.

To this goal, the CNG and the Cambodian national resistance forces would also like to reaffirm their stance in fully assisting and supporting the speedy convening of a meeting of all four Cambodian parties with the cochairmen of the Paris conference in Jakarta.

[Dated] Cambodia, 5 March 1991.

Indonesia

New Zealand Deputy Prime Minister Arrives

BK0603021291 Jakarta Domestic Service in Indonesian 0000 GMT 6 Mar 91

[Text] The New Zealand Government regards Indonesia's position to be important not only in the ASEAN region but also in wider circles such as the Asia-Pacific region. Speaking to newsmen upon arrival at Jakarta's Sukarno Hatta airport yesterday, Don McKinnon, New Zealand deputy prime minister and concurrently minister of external relations and trade, expressed his appreciation of Indonesia's efforts to push the Uruguay Round of trade talks to produce immediate results. McKinnon viewed a proposed East Asian Economic Grouping as a new phenomenon [words indistinct].

During the four-day visit, (?the New Zealand deputy prime minister) will pay a courtesy call on President Suharto and meet Foreign Minister Ali Alatas, a number of ministers of the Fifth Development Cabinet, and vice chairmen of the House of Representatives of the Republic of Indonesia.

Australia To Help Build Explosives Factory

BK0103145191 Jakarta Domestic Service in Indonesian 1200 GMT 1 Mar 91

[Text] Indonesia and Australia are working together to build a factory which produces (?emulsion)-type explosive materials at Tasik Malaya district, West Java. The cooperation agreement to build the factory was signed by (Kadarisman Kahadiman), director of Dahana State Enterprise and (Peter Brooksbank), a representative of the Australian Chemical Industries for Asia-Pacific region, in Jakarta this morning.

Speaking on behalf of the minister of research and technology, Agus Sujono, deputy chief of the Strategic Industries Management Agency, said the construction of the factory is an inseparable part of the Dahana State Enterprise's strategy to develop the corporation. Therefore, it is hoped that two things can emerge from the undertaking, namely as a vehicle for technology transfer as well as a business venture.

Minister Warns U.S. Exporters Over Quota System

BK0603013091 Jakarta THE JAKARTA POST in English 27 Feb 91 p 1

[Excerpt] Jakarta (JP)—Minister of Information Harmoko yesterday aired a strong warning against American film exporters' meddling in Indonesia's internal affairs.

"We will not tolerate foreign interference, particularly in the field of the film industry," Harmoko said.

"Business people in the foreign film industries do not need to dream about imposing their will on us. The quota system will continue to be implemented," the minister said after meeting with President Suharto.

American film exporters apparently view the worldwide circulation of their films as just part of a large entertainment package.

Harmoko said here yesterday the Indonesian Government viewed films as a strategic commodity because many aspects of the nation's way of life were at stake.

U.S. film exporters in their discussions with Indonesian authorities have asked that a distribution center and a complete distribution network for American films be set up in Indonesia so that more American-made films could be marketed in this country.

The film distributors also asked that Indonesia rescind a ruling on the need to show domestically produced films.

The exporters also demanded that film import duties be reduced and that state-owned TVRI [Television Republic of Indonesia] be allowed to run commercials for imported films.

In the Indonesian Government's eyes, the requests amounted to meddling in Indonesia's internal affairs or at least trying to interfere in Indonesia's sovereignty.

Harmoko said American exporters wanting to do business in the film industry in Indonesia should abide by Indonesian regulations. [passage omitted]

Laos

Armywide Congress of Party Cadres Convened

BK0503152391 Vientiane Domestic Service in Lao 1200 GMT 5 Mar 91

[Text] The third armywide congress of party cadres was officially opened at the auditorium of the National Defense Ministry this morning with the participation of 223 full delegates selected by party cells attached to Army units, combat corps, schools, hospitals, factories, and plants throughout the country.

Attending the opening ceremony as guests of honor were Comrade General Khamtai Siphandon, Political Bureau member of the party Central Committee, vice chairman of the Council of Ministers, and national defense minister; Comrade Lieutenant General Choummali Saignason, alternate Political Bureau member of the party Central Committee and first deputy minister of national defense; and many leading Army cadres. A number of senior delegates and representatives of the regional forces from many localities throughout the country also attended the congress.

At the congress which will be held for seven days before adjournment, the attending delegates will study together, appreciate, and comment on the draft political report of the party Central Committee, which will be presented at the fifth party congress. They will study and assess the national defense and public security maintenance work as well as party and political work in the entire Army in the past five years and the orientation of new work in the next five years. At the same time, the cadre congress will select delegates to attend the forthcoming Fifth Congress of the Lao People's Revolutionary Party.

Antinarcotics Seminar Held in Oudomsai Province

BK0603115691 Vientiane KPL in English 0902 GMT 6 Mar 91

[Text] Vientiane, March 6 (KPL)—First seminar on antinarcotics organised within the framework of the Lao-American cooperation on limitation and suppression of narcotics was recently held by the security command of Oudomsai Province.

The seminar was attended by more than 40 policemen and customs officials within the province. The workshop aims to provide the participants broader knowledge on how to suppress drugtrafficking, limit opium plantation and find alternative way of livelihood.

Over 300 Refugees Return From China, Thailand

BK0403115491 Vientiane KPL in English 0904 GMT 4 Mar 91

[Text] Vientiane, March 4 (KPL)—Over 130 Lao refugees, who spent some years in refugees' camps in China, late last month were welcomed home at Tha Meuang Va river port of Sikhottabong District, Vientiane municipality. These refugees voluntarily returning home were mostly of southern origin.

Earlier, some 100 Lao refugees from Nong Seng refugees' camp in Thailand were also reported returning home. Most of them were of Sayaboury and Vientiane origin. So within last month alone, a total of over 300 repatriated.

Soviet Friendship Groups Send Greetings

BK0603114891 Vientiane KPL in English 0903 GMT 6 Mar 91

[Text] Vientiane, March 6 (KPL)—The Lao-Soviet Friendship Association has recently received from the Soviet Federal Association for Friendship and Cultural Relations with Nations as well as the Soviet-Lao Friendship Association a message of greetings on its 19th founding anniversary.

The message praised the efforts in promoting and strengthening friendship between Lao-Soviet people, stressing that along with the improved Lao-Soviet relations based on a new principle, the role of this broad mass organisation in improving the mutual friendship, understanding and cooperation has been increasingly growing.

Kaysone Phomvihan Greets Gorbachev on Birthday

BK0603045191 Vientiane Domestic Service in Lao 0000 GMT 6 Mar 91

[Text] On 2 March Comrade Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party [LPRP] Central Committee, sent a greetings message to Comrade Mikhail Gorbachev, general secretary of the CPSU Central Committee and president of the USSR. The message reads as follows:

On your 60th birth anniversary, on behalf of the LPRP Central Committee and in my own name, I would like to convey greetings and best wishes to you, comrade. I wish you comrade good health and success in performing your honorable and noble tasks for the interests, prosperity, and happiness of the Soviet people.

I am convinced that the traditional, long-standing solidarity, fraternal friendship, and all-round cooperation between the two parties, two states, and two peoples of Laos and the Soviet Union will be increasingly strengthened and developed fruitfully with each passing day.

Philippines

Labor Group Endorses Bases Consultation

HK0603033491 Manila MANILA BULLETIN in English 6 Mar 91 p 10

[Text] Olongapo City—The call for nonbinding consultations on the bases treaty before its submission to the Senate for ratification or rejection was strongly endorsed yesterday by the biggest labour group of this city.

Amplifying President Aquino's statement that the bases issue be subjected to consultations with the people, Kapisanan ng Aktibong Manggagawa ng Olongapo (KAMAO) President Ferdinand de los Santos said that "discussions and consultations must be undertaken in the same manner as public hearings in aid of legislation are conducted."

"Any decision reached by the Senate after popular consultations would be an informed and enlightened choice," De los Santos pointed out.

De los Santos berated the proponents of nonconsultation for invoking cost and propriety. He said, "We should be prepared to pay the price of democracy."

As to its constitutional propriety, he pointed out that the power to define what is proper and improper ultimately resides in the people.

Residents of Olongapo feel strongly about popular consultations on the bases issue, as they had earlier protested the non-inclusion of Rep Kate Gordon in the legislative-executive bases panel created by the President.

Henry Basubas, president of the Olongapo Businessmen's Association (OBA), said, "Having been denied our voice in the past, we cannot now be silenced again."

Meanwhile, Ben Franco, barangay captain of East Tapinac here, assailed the Senate for holding very narrow views on the Constitution when it comes to the bases.

"The senators are acting as if they are the only one gifted enough to discern what is good for the country vis a vis the bases," Franco observed.

"If the people are considered competent enough to choose the senators, why are they now incompetent to decide for themselves on the bases issue," Franco asked.

He noted the comments of Sen Rene Saguisag "who tries to elevate our senators to the position of philosopher-king, a concept too terrible to contemplate considering the unremarkable record of the Senate."

KAMAO and OBA and several other organizations here have been collecting signatures for a petition calling for national consultations on the bases. Many of the 17 barangays have been covered and almost 100,000 signatures have already been collected.

Contents of Draft U.S. Bases Treaty Revealed

HK0503152591 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 5 Mar 91

[Text] University of the Philippines' Professor Roland Simbulan has exposed the contents of the Philippines-U.S. draft treaty regarding the military bases. He said the Philippine panel had almost sold out the country in exchange for the bases. Simbulan said the Armed Forces of the Philippines and the Philippine National Police were made to serve as security guards at the bases while U.S. forces continue to go in and out of the country. The United States would allegedly inform the Philippine Government of the storage of nuclear weapons and other unusual weapons, which is strictly prohibited under the Constitution. Simbulan stressed that the draft is a true copy of the treaty which is expected to be signed by the United States and the Philippines.

Editorial on Post Gulf War Situation, Results

HK0603034491 Manila PHILIPPINE DAILY INQUIRER in English 6 Mar 91 p 4

[Editorial: "Peace Dividends Bring Promise of Prosperity"]

[Text] Apart from the immedaite blessings that followed the silencing of guns and other weapons of destruction in the gulf war—a halt to the mounting toll of military and civilian casualties, the dissipation of the cloud of tension and uncertainty that hovered over the rest of the world while the war was going on—the ceasefire brings with it other dividends as well.

The strongest impact has been felt in what some critics of the war say the fighting was all about—oil prices. From a high of almost $30 a barrel as the Jan. 15 deadline for Iraq to vacate Kuwait neared, the price per barrel of Singapore Dubai crude, the Philippine benchmark, has tumbled and now hovers around $14.

While lower fuel prices in the world market will not translate into cheaper gasoline for Filipino motorists, at least in the short run, they do take most of the pressure off the econom, which had been battered by the rising prices and threat of short supply of fuel. Lower fuel prices will likewise soften demand for scarce dollars with which to import the commodity.

Apart from the savings gained from lower oil prices, the end of the war also brings with it new opportunities for countries like the Philippines which have long been meeting the region's demand for skilled and non-skilled labor.

In the wake of extensive war damage, especially in the wealthy emirate of Kuwait, a reconstruction boom is eagerly awaited. Though most of the construction work is sure to be cornered by contractors from countries belonging to the coalition which sent armed contingents to help liberate Kuwait, Filipino firms, especially those previously involved in construction projects in the region, stand good chances of landing a few good deals.

Lobbying by government officials, including President Aquino and Labor Secretary Ruben Torres, who is scheduled to leave for Saudi Arabia and Kuwait soon, will surely improve the odds for Filipino contractors.

But even American, British, French or other foreign contractors will need Filipino manpower in their projects. With the government eyeing at least 100,000 new jobs for Filipino workers, prospects have suddenly brightened for the local labor expot industry, which had lately been down in the dumps after hundreds of workers were forcd to flee Kuwait, Iraq and even Saudi Arabia at the height of Operation Desert Storm.

To further spur deployment of workers, the Aquino administration has promised to "do everything within its means" to make life easier for Filipino contractors and recruiters. These include, according to Executive Secretary Oscar Orbos, speedier processing of the needed papers, shipping documents, and travel papers for overseas contract workers. At the same time, the foreign office has said it would help Filipino workers pursue legal claims for property damage or loss against both the Iraqi and Kuwaiti governments.

While such government assistance is commendable, given the dire need to earn dollars for the country and to ease the pressure exerted by a growing labor force on a shrinking local job market, officials should also be cautioned against going overboard in their desire to ship out even greater numbers of overseas contract workers.

Now that we have been given a second chance, it is hoped officials have learned the right lessons from the abuses and chicanery of the recent past, and that our workers are not once more made sacrificial lambs on the altar of the dollar.

Aquino Orders Probe of Marag Valley Deaths

HK0603033391 Manila PHILIPPINES NEWSDAY in English 6 Mar 91 p 3

[By Dionisio Tubianosa]

[Text] President Aquino yesterday directed the Presidential Committee on Human Rights, chaired by Justice Secretary Franklin Drilon, to look into reports that 74 children died in Marag Valley, Kalinga-Apayao, due to food and medicine shortages resulting from AFP [Armed Forces of the Philippines] anti-insurgency operations in the area.

A Commission on Human Rights (CHR) report last month claimed that 74 children died in Marag Valley, where there are reportedly severe shortages in food and medicine. The shortages were attributed to a military blockade being implemented as part of military anti-insurgency operations in the area.

"I shall refer this matter of the alleged CHR report... to the Presidential Committee on Human Rights, chaired by the Secretary of Justice, where the CHR and the military have their representatives as do the cause-oriented groups and human rights advocate," the President said in a statement.

Defense Secretary Fidel Ramos for his part, said he had yet to receive a report on the matter. "I don't think this matter has been brought to the attention of the General Headquarters of the AFP," he said. Anyway, I shall be going there (Kalinga Apayao) to participate in the defense and church consultative conference at which matters pertaining to military operations will be taken up, he added.

However, Ramos said the main theme of the talk will be to maintain cooperaton and collaboration between military authorities and church authorities in the area.

Our looking into any reports, Ramos stressed, does not mean that we are admitting that what was reported has happened or is happening.

Ramos also disclosed that all military commanders in the country, particularly in Kalinga-Apayao, "have been given strict instructions... to be sure to respect human rights and provide any needs of the people in the area."

Two Generals Implicated in Drug Trade

HK0603035191 Manila THE MANILA CHRONICLE in English 6 Mar 91 pp 1, 10

[By Johanna Son and Manny Mogato with Joey Caburnida]

[Text] Former police captain Reynaldo Jaylo yesterday implicated both Brig. Gen. Pantaleon Dumlao and retired Brig. Gen. Pantaleon Dumlao and retired Brig. Gen. Virgilio David in the country's illicit drug trade.

Speaking at a jampacked Senate hearing, Jaylo said the two were among five police officers allegedly involved in and protecting the drug trade.

But Jaylo's credibility appeared to have been dented after senators said his testimony was based on double hearsay and some news clippings.

Jaylo linked David and Dumlao to the July 10, 1990, shootout in Magallanes, where Jaylo led a National Bureau of Investigation (NBI) team which shot dead Col. Rolando de Guzman, who was allegedly involved in an illegal drug sale.

Apart from files on Dumlao and David, Jaylo presented a file on Capcom [Capital Command] chief Brig. Gen. Marino Filart. But he later agreed with Sen. Ernesto Herrera that Filart was not linked to the drug trade.

Dumlao, now Army Regional Command 3 chief, used to head the Criminal Investigation Service and was implicated in drug trafficking in a privilege speech by Herrera last year. David, a former Constabulary narcotics chief, is now a commissioner of the National Police Commission and was implicated last year by pushers who had testified at the Senate.

But the Senate illegal drugs and defense committees said they have yet to get adequate evidence from Jaylo. "Careers, reputations and family honor are involved here," Sen. Neptali Gonzales warned.

Jaylo said he had enough proof against the two generals and other PNP officers, but his six witnesses "feared for their lives."

Herrera, who chairs the illegal drugs committee, said he would ask the police and the National Bureau of Investigation to protect the witnesses Jaylo would present at the next hearing.

Dumlao, who was at the hearing, called Jaylo's testimony "fantastic" and said: "Relax lang ako dito." [I am relaxed here]

David, saying the charges against him were baseless and pure hearsay, threatened to charge Jaylo with libel "for maligning my reputation." He said he expected Jaylo to name him because he was "angry with me" for exposing the July 10 shootout.

Gonzales, who called Jaylo's testimony "hearsay or double hearsay," warned the two committee against "playing into the hands of a witch-hunting event."

"We expected to be presented with strong evidence because we don't want testimony based on hearsay," Herrera said, adding that Jaylo's files continued several news clippings. "I expect more evidence at the next hearing," Herrera stressed. "We expect Jaylo to bring bundles and bundles of evidence."

Jaylo said he based his accusations on "documents, verbal confirmation from Drug Enforcement Administration agents and other information given to me."

Evidence Found Insufficient

HK0503152791 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 5 Mar 91

[Text] The senators said the evidence presented by former Police Captain Reynaldo Jaylo against two top Narcotics Command [NarCom] officers, whom he has implicated in a drug trafficking case, is not sufficient. The NarCom officials are Brigadier General Dumlao and Brigadier General Virgilio David. According to the senators, the intelligence reports on which Jaylo based his accusation have to be reviewed carefully by the senate. Meanwhile, Philippine National Police [PNP] Director Cesar Nazareno stressed there is no feud between the PNP and the National Bureau of Investigation on this issue.

Editorial on Test of National Police Integrity

HK0603033791 Manila THE MANILA CHRONICLE in English 6 Mar 91 p 4

[Editorial: "Dark Beginnings for National Police"]

[Text] The killing last July of two military officers and a civilian agent in what is claimed to be a drug-busting operation by the National Bureau of Investigation [NBI] refuses to die. At the beginning, it opened a rift between the NBI and the military; the killing galvanized the officers' resentment against the civil government at a time when it was still reeling from the effects of the December 1989 failed coup.

Today, the effort by the resigned Manila police captain, Reynaldo Jaylo, now facing multiple murder charges in court stemming from the shooting, to link senior military officers to the drug racket, is rocking the Philippine National Police (PNP).

This is so because these officers also hold senior positions in the PNP, established only recently following the amalgamation of the former Philippine Constabulary [PC] and the civil police forces. The cleavage between the military and the NBI has thus been transferred into the PNP.

The PNP, therefore, is undergoing quite early in its life not only growing pains but a severe test of its integration. On the basis of the evidence reported so far about the case, the heroin buy-bust operation points to a more extensive involvement of law enforcement officers who have been incorporated into the PNP.

This is not a very good start for the national police organization. The continuing investigation into the case and the disclosures of Mr. Jaylo are adding fuel to the rift betwen the former PC officers and the NBI, to which Mr. Jaylo was attached.

With these tensions, the PNP begins its institutional life like a house divided. Since there are already cases filed in court arising from the killings, it is possible to have a thorough airing of whatever sordid involvements took place in that Makati shooting.

The worst thing to do is to keep the investigation and the facts under wraps. This won't help the PNP acquire public confidence.

The case has sensitive political dimensions represented by the tensions it generates between the military and the civil police. President Aquino understands this very well. The fact that she has intervened to prevent the case from developing into a full-blown conflict suggests its explosive potential.

On the more fundamental level of discovering the extent of the involvement of law enforcement officers in the racket, it is important that there be full disclosure of evidence within the judicial process.

Police To Mount 'Massive' Operation in Sorsogon

HK0403054691 Manila PHILIPPINES NEWSDAY in English 4 Mar 91 p 2

[By Dario B. Agnote]

[Text] Regional police authorities in Bicol said they would soon launch a massive police security operations in a remote town in Sorsogon where a major communist guerilla camp is located, it was learned over the weekend. Brigadier General Miguel Fontanilla, PNP [Philippine National Police] Regional Command 5 commander, said Saturday that the military would soon come up with a "massive security operations" in Donsol, Sorsogon to locate the camp where four Caucasians and eight nurses and medical workers were encamped along with New People's Army (NPA) cadres.

Fontanilla said it was believed that these four Caucasians and medical workers are either foreign television crew men or special operations trainors helping the communist insurgents there.

During the past months, the military noticed a resurgence and upsurge of what they called NPA atrocities in Donsol, a hotbed of insurgents since 1985. Because of its hilly terrain and rich water resources, Donsol has become the favorite haven of communist guerillas operating in Albay and its neighboring provinces.

In 1986, a leading NPA cadre told this reporter in an interview that recruitment of members never became a problem in the area, which is gripped by extreme poverty.

A few weeks ago, communist rebels in the area again mounted a major offensive against the government forces by attacking a military camp in barangay San Jose, Pilar, Sorsogon, the town next to Donsol. It was perhaps one of the most daring attacks by the NPA rebels after the series of attacks launched in the early 1980s.

Rebel Group Prepares for Summer Offensive

HK0603033691 Manila MANILA BULLETIN in English 6 Mar 91 pp 1, 12

[By Victor Vega]

[Text] A group of about 30 New People's Army (NPA) rebels is now in Metro Manila to prepare for the communist insurgents' "summer offensive" in the metropolis, according to police and military intelligence sources yesterday.

The intelligence sources said that the 30 NPA rebels, who are trained in jungle warfare, will beef up the Alex Boncayao Brigade (ABB) which is the top NPA liquidation squad operating in Metro Manila.

The same sources said that the ABB, which claims to have more than 500 members, has not been able to stage ambush operations because most of their leaders and hit men were either killed or captured by government operatives last year.

The new group is headed by two NPA commanders who are already in Metro Manila, the government intelligence said. Their bases are ABB safehouses in Quezon City, Caloocan City, Valenzuela, and in Tondo, Manila.

The main NPA targets are top officers of the Armed Forces of the Philippines (AFP), Philippine National Police (PNP) and the Metropolitan Police Force (MPF) as well as government officials.

Police Reveal Communist Cadres Training Abroad

HK0403065791 Manila MANILA BULLETIN in English 4 Mar 91 p 14

[By Robert Requintina]

[Text] Many communist cadres in the country are extensively trained abroad to implement special operations against foreign nationals and selected target personalities, the Philippine National Police (PNP) said yesterday.

Captured communist cadre Javier Sambajon, alias Basil, Billy, and Martin, told police he was sent to Pyongyang, North Korea, along with 10 other selected CPP-NPA [Communist Party of the Philippines- New People's Army] caders from the party's Northern Luzon Commission, Visayas Commission, and the NPA [New People's Army] General Command for special traning in commando operations.

Sambajon said that in 1987, they were extensively trained in Pyongyang on partisan operations, commando tactics, and small unit operations against selected targets.

Upon his return in November, 1988, Sambajon was attached to the political department of the New People's Army (NPA) general command as one of its trainors.

Personnel tasked by the CPP-NPA to implement "Oplan Black Label," a special operations on Americans and facilities, were trained abroad, police said.

Sambajor admitted participation in several operations agianst American nationals and facilities in the country.

He said he participated also in the ambush of four American servicemen in Clark Air Base a few years ago.

The major operations undertaken by his group were the ambushslayings of Local Government Secretary Jaime Ferrer, Brig. Gen. tomas Karingal, Northern Police District chief, and Col. James Rowe of JUSMAG, and the rescue operation on recaptured CPP/NPA leader Satur Ocampo on May 6, 1985 at the National Press Club in Intramuros, Manila.

Military, Police Identify Problem Areas

HK0603033891 Manila MANILA BULLETIN in English 6 Mar 91 p 12

[By Aris Ilagan]

[Text] Balanga, Bataan—The Armed Forces of the Philippines (AFP) and Philippine National Police (PNP) have started identifying the problem areas in their respective jurisdictions that would affect the government anti-insurgency campaign.

This was disclosed by Lt Gen Rodolfo Biazon, AFP chief, during a command conference with AFP and PNP officials at Camp Tolentino here.

Among those present were PNP Region 3 Director Pantaleon Dumlao, Brig Gen Emiliano Templo, AFP Civil Relations Service chief, and Col Rene Dado, Army 702nd Infantry Battallion commander.

Biazon said that based on his recent meeting with officials of the Department of Interior of Local Government (DILG), the "grey areas" have been pinpointed and operational responsibilities designated in connection with the anti-insurgency campaign.

Under the present set-up, Biazon said that the AFP, particularly the Army, takes the lead role in the drive against the communist insurgency.

But based on the PNP law, the national police will now start to "take the reins." The transition period, however, will take place within two years but can be extended to four years as stated in the law.

Military Arrests Communist Couple 12 Feb

HK0603021691 Manila Far East Broadcasting Company in Tagalog 0100 GMT 6 Mar 91

[Text] The military arrested a communist couple involved in the killing of soldiers and police of the Southern Tagalog and Bicol Regions. Southern Luzon Command Chief Brigadier General Federico Ruiz identified the couple as Efren de Mesa alias Teddy or Ilio and Venus Villegas alias Carol or Sarah. Both are members of the Southern Tagalog Communist Party of the Philippines' executive committee. Although they were arrested on 12 February in Barangay (Kopambugan), Daet, Camarines Norte, Camp Aguinaldo announced the news only yesterday.

Army Chief Says Communists Losing Support

HK0503022391 Manila Far East Broadcasting Company in Tagalog 0100 GMT 5 Mar 91

[Text] Army chief Major General Lisandro Abadia said in yesterday's prodemocracy rally in Angeles City that communism in the country is dying out. He said that communism is losing support in other countries that are changing toward democratic systems of government. Abadia said he is not opposed to legalizing the communist movement in the Philippines if its members and supporters will agree to unconditionally surrender their arms and stop violent struggles.

Angeles City Residents Mobilized Against Rebels

HK0403070991 Manila THE MANILA CHRONICLE in English 4 Mar 91 p 9

[By Manny Mogato]

[Text] Angeles City—Military authorities here have begun organizing city residents around the huge American military installation to counter communist infiltration in slum areas outside Clark Air Base.

Military authorities were also enlisting the residents' services in monitoring rebel movements in the locality.

Col. Rene Dado, commander of the 701st Infantry Brigade, said the insurgents were preparing for a massive propaganda campaign against the U.S. bases whose lease ends on September this year.

A large anti-communist demonstration was held at the public market yesterday morning to denounce communist infiltration of the barangay and "atrocities" committed by the guerrillas.

The demonstration was attended by 82 city residents who underwent a three-day seminar on countering communist infiltration in their villages.

Among officials in attendance were Mayor Antonio Abad Santos and Maj. Gen. Lisandro Abadia, the army chief.

In Naga City, Defense Secretary Fidel V. Ramos called on civilians to help the government neutralize military and communist guerrillas.

Ramos was in Naga City for the regional meeting of the League of Barangay Councilmen of the Philippines. He said the government was prepared to give rewards for any information leading to the arrest of rebel leaders Domingo Calajate and Gregorio Honasan as well as the communist leadeers in their regions.

NPA Liquidation Squad Member Arrested

HK0403070191 Manila MANILA BULLETIN in English 4 Mar 91 p 22

[Text] Crack operatives of the Central Police District [CPD] arrested over the weekend a suspected member of the New People's Army [NPA] liquidation squad allegedly involved in the slaying of a Valenzuela barangay councilman last month.

Chief Inspector Raul Medina, CPD station 1 commander, identified the suspect as Ismael Viloria, 22, a resident of Manggahan, Pasig, and a former student leader at the Philippine College of Criminology.

Virgilio Dued, Viloria's companion in the killing of Councilman Urbano Santiago, was previously arrested by Medina's men during a raid at a suspected NPA hideout in QC [Quezon City].

Medina said Dued and Viloria were among the three gunmen who shot Santiago, a barangay leader of Canumay, Valenzuela, near the victim's residence Feb. 7. Santiago sucumbed to five bullet wounds in the body.

When arrested, Dued identified Viloria and another companion as the triggermen. He also led police operatives to Viloria's hideout in Candaba, Pampanga.

Viloria denied being a member of the communist movement. However, he admitted that he and his two companions were hired by a certain "Joe Lahum" to liquidate Santiago.

Viloria told probers that Lahum, who is now abroad, promised to pay them P [peso] 20,000 for the murder of Santiago. However, he claimed receiving only P6,000 for the job.

Thailand

Royal Command Appoints New Cabinet Ministers

BK0603135191 Bangkok Domestic Service in Thai 1300 GMT 6 Mar 91

[Text] Royal signature: Phumiphon Adunyadet, rex

His Majesty King Phumiphon Adunyadet has graciously ordered that it be proclaimed that:

With reference to his appointment of Anan Panyarachun as prime minister, under the proclamation dated 2 March 1991, Prime Minister Anan Panyarachun has completed the selection of appropriate persons to hold cabinet posts to administer the affairs of the country, his majesty hereby graciously appoints cabinet ministers under Article 21 of the Constitution of the Kingdom of Thailand of 1991 as follows:

Sano Unakun as deputy prime minister;

Police General Phao Sarasin as deputy prime minister;

Michai Ruchuphan as deputy prime minister;

M.R. Kasemsamoson Kasemsi as minister attached to the Prime Minister's Office;

Phaichit Uathawikun as minister attached to the Prime Minister's Office;

Michai Wirawaithaya as minister attached to the Prime Minister's Office;

Saisuri Chutikun as minister attached to the Prime Minister's Office;

Admiral Praphat Kritsanachan as defense minister;

General Wimon Wongwanit as deputy defense minister;

Air Chief Marshal Phisit Salikhup as deputy defense minister;

Suthi Singsane as finance minister;

Wiraphong Ramangkun as deputy finance minister;

Asa Sarasin as foreign minister;

Wichian Watthanakhun as deputy foreign minister;

Anat Aphaphirom as agriculture and cooperatives minister;

At Taolanon as deputy agriculture and cooperatives minister;

Khosit Panpiamrat as deputy agriculture and cooperatives minister;

Nukun Prachuapmo as communications minister;

M.L. Choengchan Kamphu as deputy communications minister;

General Wirot Saengsanit as deputy communications minister;

Air Chief Marshal Suthep Theppharak as deputy communications; minister;

Amaret Sila-on as commerce minister;

General Itsaraphong Nunphakdi as interior minister;

Air Chief Marshal Anan Kalintha as deputy interior minister;

Admiral Wichet Karunyawanit as deputy interior minister;

Praphat Uaichai as justice minister;

Sa-nga Sapphasi as science, technology, and energy minister;

Ko Sawatphanit as education minister;

Somchai Wutthipricha as deputy education minister;

Phairot Ningsanon as public health minister;

Atthasit Wetchachiwa as deputy public health minister;

Sippanon Ketuthat as industry minister;

Wira Susangkonkan as deputy industry minister;

Kasem Suwannakun as minister of state university bureau.

This announcement takes effect immediately.

Announced on 6 March 1991, being the 42d year of the reign of the present king.

Countersigned: Anan Panyarachun, prime minister

Anan 'Not at Odds' With Junta; Sunthon on Plot

BK0603025791 Bangkok THE NATION in English 6 Mar 91 p A3

[By Piyanat Siwaro and Kokhet Chanthaloetlak]

[Text] Caretaker Prime Minister Anan Panyarachun reiterated yesterday that he was not at odds with the military junta over when former prime minister Chatchai Chunhawan should be freed from detention.

Anan appeared to have retreated from his previous suggestion that Chatchai would be released immediately after the interim Cabinet is formed.

"Gen Chatchai will be released, absolutely. But I don't know when," said Anan.

The prime minister's previous insistence that Chatchai would soon be released triggered speculation about a confrontation between the respected former business executive and the National Peacekeeping Council (NPKC).

Anan on Monday dismissed rumours about rifts between himself and the military junta.

"I'm happy working with them," he said. "I'm not an easy man to work with, but so far there has been no problem."

The NPKC on Monday ordered banks and other financial institutions to freeze the assets of Chatchai and two close aides—former PM's [Prime Minister's] deputy secretary general Det Bunlong and senator Phithak Intharawiriyanan. Earlier, 22 other former Cabinet members had their assets frozen by the junta.

Monday's move by the NPKC strengthened earlier speculation that Chatchai was a major target in the junta's "anti-corruption" campaign.

The freezing of Chatchai's assets coincided with junta leaders' statements on Monday indicating that the former prime minister would be (?detained) longer than expected.

NPKC leader Gen Sunthon Khongsomphong said yesterday the military council had not decided whether Chatchai would be barred from leaving the country after his release.

Nine people, including close aides of Chatchai, have been banned from leaving Thailand.

Sunthon claimed that the NPKC froze Chatchai's assets because "we have obtained evidence (of corruption)."

—The military junta leader said yesterday that alleged "foreign assassins against its leaders" have not yet entered Thailand.

But on Friday Supreme Commander Gen Sunthon Khongsomphong said the alleged assailants "hired by an underground movement" had entered the country and were preparing to make attempts on the coup leaders' lives.

"We are intercepting them (the alleged foreign assassins)," Sunthon said without elaborating how the Thai military was blocking the foreigners. "I cannot give more details," he said after he was repeatedly asked to elaborate on the alleged foreign assassins.

In an apparent attempt to prolong the imposition of martial law, Sunthon said the alleged underground movement was trying to create unrest in the country by bringing in the foreign assassins to make attempts on the lives of the junta leaders.

His statement on Friday followed a growing chorus of calls by student activists and academics for the junta, which calls itself the National Peacekeeping Council, to lift martial law, imposed immediately after the coup.

Fifteen Ramkhamhaeng students were arrested two days after the coup when they took to the campus grounds to deplore the coup and demanded that the junta restore democracy, lift martial law and repeal the ban on political gatherings of more than five people.

Sunthon said on Friday that the elite "military intelligence" had detected the underground movement which he said stemmed from "personal conflicts."

But he failed to identify the nationalities of the alleged foreign assassins and admitted that the military intelligence did not know the whereabouts and exact number of the foreigners.

Under martial law, people charged with attempts to create unrest or other offences deemed detrimental to the monnarchy, religion and country's stability have to stand trial in military courts and are subject to harsh punishment.

Anan Interviewed on Cabinet Formation

BK0603071191 Bangkok Domestic Service in Thai 0000 GMT 6 Mar 91

[Interview with Thai Prime Minister Anan Panyarachun by unidentified reporters at his home in Bangkok on 5 March—recorded; first paragraph is announcer's introduction]

[Text] The selection of persons for the ministerial posts in the new Cabinet has already been completed. The prime minister will further submit the Cabinet list to his majesty the king. Prime Minister Anan Panyarachun answered reporters' question on this issue at his residence on Sukhumwit Road Soi 53 at 2130 last night.

[Anan, in progress] ...about seeking permission for an audience with the King.

[Reporter] Do you expect to be granted an audience tomorrow?

[Anan] It will depend on when the king will grant permission.

[Reporter] How many ministers will there be in the Cabinet?

[Anan] Thirty-five, including myself.

[Reporter] How many deputy prime ministers will there be?

[Anan] Three.

[Reporter] How about ministers attached to the Prime Minister's Office?

[Anan] Four.

[Reporter] And how about ministers in charge of ministries?

[Anan] Well, how many ministries are there? I can't remember. Thirteen?

[Reporter] How many deputies will there be?

[Anan] The number of ministries will be the same as in the previous government.

[Reporter] Military men are reportedly to be appointed to [words indistinct]

[Anan] This Cabinet will not be divided into military and civilian factions. It is one single Cabinet.

[Reporter] Will it include some militarymen?

[Anan] Yes, there will be some.

[Reporter] In how many key ministries?

[Anan] Every ministry is a key ministry.

[Reporter] For example, in the ministries of interior and communications?

[Anan] The Cabinet will be announced later.

[Reporter] Could you please tell us what ministries military men will be appointed to?

[Anan] Not now. I must submit a request for approval to the king first.

[Reporter] Will you be able to announce the Cabinet list tomorrow?

[Anan] We are in the process of seeking a royal audience.

[Reporter] How many military men will there be in the Cabinet?

[Anan] I would not like to say how many military men and how many civilians. This Cabinet is one single cabinet in which all cooperate with each other. There is no division as to who is military and who is civilian. Once they join the Cabinet, as ministers they are all the same.

[Reporter] In the forming of the Cabinet has the NPA [National Peacekeeping Assembly] given you any suggestions?

[Anan] We have always had consultations with each other.

[Reporter] Could you please tell what principles the NPA has given this Cabinet?

[Anan] No, it hasn't given any.

[Reporter] Such as a suggestion on what and how ministers should be?

[Anan] No, it has not suggested any criteria, but we have held consultations with each other.

[Reporter] Is it because of the difficulty in reaching a solution for forming the Cabinet that the formation has taken so long?

[Anan] No, it has nothing to do with that.

[Reporter] Have you discussed with the persons you have invited to join the Cabinet the guidelines for their work and areas of responsibility?

[Anan] Pardon me?

[Reporter] The discussion on the rough sketch of the target set for work and cooperation among the Cabinet ministers.

[Anan] We will soon discuss the policies on which to cooperate. In the past few days we focused on selecting members of the Cabinet and inviting them for consultations.

[Reporter] In carrying out the national administration, how independent will you be?

[Anan] I do not know what you mean by independence because we will work together as a team.

[Reporter] I mean independence from the NPA.

[Anan] Well, according to the the present Constitution, certain duties and responsibilities belong to the NPA, while others belong to the government. You must read the Constitution and you will clearly understand what is what.

[Reporter] What issues require a meeting between the Cabinet and the NPA?

[Anan] Please read the Constitution.

[Reporter] It is stated broadly. Could you make it more specific?

[Anan] I cannot remember everything. Please read the Constitution. It consists of 31 [as heard] articles.

[Reporter] The Constitution provides for important policy cases. How will it be decided which are important policy cases.

[Anan] Please read the Consitution. I cannot remember the whole thing.

[Reporter] Can you confirm that you have felt at ease and have never felt uneasy in forming the Cabinet?

[Anan] No, never.

[Reporter] [Words indistinct].. of NPA. When the Cabinet is appointed, will you have to take upon you such responsibilities?

[Anan] Not quite. They have already carried out these matters. The measures the NPA issued are the responsibility of the NPA.

[Reporter] How will the Government and the NPA draw the line of responsibility between them regarding verification of assets?

[Anan] Could you read the Constitution on the duties and responsibilities of the NPA?

[Reporter] As you worked for General Chatchai [Chunhawan] for about two months, what do you think about his name being among the persons whose assets will be verified.

[Anan] I have never worked for Prime Minister Chatchai in a political post. He only appointed me chairman of an advisory board dealing with the bureacratic administrative system, which is not a political issue.

[Reporter] After forming the Cabinet and submitting it to the king for royal signature, what is the immediate work you want to carry out as the prime minister of the country?

[Anan] After having an audience with the king for royal signature to the royal command appointing the Cabinet, the Cabinet will be announced. After that, permission must be sought for the Cabinet to have audience with and oath-taking before the king.

[Reporter] What is the work about which you have the most concern and want to step up operations?

[Anan] I have concerns over every issue.

[Reporter] Currently, there have been several fires back to back. As the prime minister, who has full power and authority in accordance with the law? Will you implement Article 27 if such incidents continue to occur?

[Anan] I feel Article 27 is meant to give authority to carry out operations on certain issues. However, at present I cannot tell what those issues are.

[Reporter] The fires, which have broken out one after another, must have created more fears among the people. Is it time for ...?

[Anan] Well, we do not know the causes of the fires. They may have been accidental or intentional. We must find out the real cause of the incident. We must consider the matter as it is.

More on U.S. Envoy's Meeting With Anan, Sunthon

BK0603014391 Bangkok BANGKOK POST in English 6 Mar 91 p 1

["America Calls for Quick Return of Elected Govt"]

[Text] The US Government has urged the Thai military and interim-civilian leadership to effect a speedy return to an elected civilian government and called for the release of deposed prime minister Chatchai Chunhawan.

The message was conveyed by US Ambassador to Thailand Daniel O'Donohue in separate meetings yesterday with National Peace-keeping Council [NPKC] Chairman Gen Sunthon Khongsomphong and caretaker Prime Minister Anan Panyarachun.

We see the appointment of a civilian prime minister and Cabinet as an important first step for the return to an elected civilian government," Ambassador O'Donohue told reporters after meeting Mr Anan at the latter's Sukhumwit residence.

"I hope that the process of a return to an elected civilian government will be a prompt one," he added.

In what was seen by Thai officials as symbolically significant, the ambassador met Gen Sunthon at the NPKC headquarters yesterday morning and later had a separate session with Mr Anan. US officials described the two meetings as "courtesy" calls.

The US was the first major Thai ally to criticise the February 23 military takeover.

As part of its legal stipulation forbidding aid to foreign countries where a legally-installed government is toppled by force, Washington suspended some US$16.4 million worth of military and economic aid to Thailand as a result of the coup.

In his meeting with Gen Sunthon, Mr O'Donohue welcomed the various actions taken so far by the NPKC as the necessary first step leading to a return to elected civilian rule, according to informed sources.

He also called for a quick release of Gen Chatchai.

The sources said Gen Sunthon took note of points raised by the ambassador and gave assurances that it was the NPKC's intention to return power to the people as soon as possible.

In the later meeting with the caretaker prime minister, the ambassador congratulated Mr Anan on his appointment and conveyed the same message that Washington hopes to see a speedy process leading Thailand back to an elected civilian government.

The NPKC leadership had earlier pledged to have a permanent constitution in place and hold general elections in about six months.

But NPKC officials later explained that the drafting of the new charter itself was likely to take about six months and election could be held within 90 days after that.

The interim constitution promulgated last week provided for a contingency clause whereby the timing of the elections could be extended by 120 days if they could not be organised within this year.

Mr Anan said after meeting Mr O'Donohue that the visit was of a courtesy nature and no formal discussions were made.

Permanent Secretary for Foreign Affairs Kasemsamoson Kasemsi told reporters after Mr O'Donohue's meeting with Gen Sunthon that the ambassador had expressed satisfaction that the NPKC was able to set up a civilian adminsitration in the wake of the coup.

M.R. Kasemsamoson , who was present with Gen Sunthon, said the US was positive over the moves taken by the NPKC to return the country to democracy.

Touching on reports that some US senators had strongly criticised the coup, M.R. Kasem said not all senators shared the same opinion.

Meanwhile, informed sources said that in addition to the suspension of aid in the current US fiscal year, another larger portion of about US$100 million worth of economic aid that was approved over the last few years but has not yet been disbursed is also affected.

Envoy's Meetings Viewed

BK0603120391

[Editorial Report] The 6 March issues of Thai and Chinese language papers carry reports on the U.S. ambassador's call on General Sunthon Khongsomphong, supreme commander and chairman of the National Peacekeeping Assembly [NPA], at the Supreme Command Headquarters on 5 March.

NAEO NA's report, on page 14, says: "At the Supreme Command Headquarters on 5 March, U.S. Ambassador Daniel O'Donohue, accompanied by Kasemsamoson Kasemsi, permanent secretary of the Foreign Ministry, called on Gen. Sunthon. According to Kasemsamoson, the purpose of the U.S. ambassador's call was to congratulate the NPA's successful formation of a civilian government. He said the cut of U.S. assistance represented merely part of the overall assistance and that there are diversified views in the United States on this issue. He said Thai-U.S. relations continue to exist and develop, and satisfactory progress has been achieved.

"Kasemsamoson said the United States felt that the events that occurred will lead to administration under a government and to a democratic situation. He said the U.S. ambassador paid a call on Gen. Sunthon at the instruction of his government. Regarding whether or not this indicates U.S. recognition of the National Peacekeeping Council, Kasemsamoson said: "There is no question about this issue."

"In an interview, Gen. Sunthon said the U.S. ambassador called on him and showed a friendly attitude. He said the United States is satisfied with the performance of the National Peacekeeping Council. An EC delegation has also sought a meeting with him. He felt that the attitude of foreign countries toward Thailand has since improved."

MATICHON's report on page 24 says: "At 1020 on 5 March, U.S. Daniel O'Donohue, accompanied by Kasemsamoson Kasemsi, permanent secretary of the Foreign Ministry, called on Gen. Sunthon Khongsomphong, chairman of the NPA, at the Supreme Command Headquarters for about 20 minutes.

"Reporting on the meeting, Kasemsamoson said the U.S. ambassador called on Gen. Sunthon to express congratulations on the formation of a civilian government. Concerning a senator proposal for suspension of aid to Thailand, Kasemsamoson said it was merely an opinion and that it was not an important issue. The important issue is that Thai-U.S. relations remain intact and that the United States felt that the operations of the NPA will bring progress to Thailand.

"Kasemsamoson said: "The United States felt that the movement was good and aimed at bringing about an administration under the constitution and a democratic system. The U.S. ambassador's call was made at the instruction of his government." Asked by reporters if this indicated U.S. recognition of the Thai Government, Kasemsamoson said there was no question about that issue.

"Interviewed by reporters, Gen. Sunthon said the United States has been a friend of Thailand and is satisfied with Thailand solving the problems step by step. Regarding a cut in U.S. assistance, Sunthon said Thailand will not raise the issue because assistance must come from the giver, and Thailand is not asking for assistance.

"Asked if this means the United States has recognized the Thai Government, Sunthon said yes, it is an expression of satisfaction with the NPA for carrying out the promise to the people and foreign countries. The EC has also asked to meet him. He felt that foreign countries have shown a better attitude toward Thailand. However, he said he did not know how outsiders may look at the picture."

THAI RAT'S report, on page 17, says: "At 1000, Permanent Secretary of the Foreign Ministry Kasemsamoson Kasemsi accompanied U.S. ambassador Daniel O'Donohue on the latter's call on Gen. Sunthon, which lasted for about 30 minutes. Speaking to reporters, Kasemsamoson said the U.S. ambassador paid a courtesy call on the NPA chairman and congratulated the NPA on the successful formation of a civilian government. Regarding a U.S. senator's opposition to the use of force to topple national administration in Thailand, Kasemsamoson said it was one opinion among other opinions in the United States. That is not an important issue, what is important is that Thai-U.S. relations continue to exist and will continue to develop. Kasemsamoson said the United States felt that satisfactory progress has been achieved.

"Asked by reporters if the power takeover was discussed during the meeting and how well the United States understood what had happened in Thailand, Kasemsamoson said the United States felt that what happened overall was good and would lead to constitutionalized administration and democracy. The ambassador made the call at the instruction of his government. Asked if this means the U.S. administration's recognition of the new government, Kasemsamoson said: "There is no question concerning this issue." Asked if the U.S. assistance cut was discussed, Kasemsamoson did not answer but led the U.S. ambassador to a car to go to the prime minister's residence on Sukhumwit Lane 53.

"Speaking to reporters after the meeting with the U.S. ambassador, Gen. Sunthon said the U.S. ambassador's attitude was friendly and that the ambassador was satisfied that we have solved the problems step by step as pledged to the people. Regarding the announced cut in U.S. military and economic assistance, Sunthon said we did not bring it up because the word assistance is self-explanatory. Assistance comes from the giver, we did not ask for it.

"Asked if the U.S. ambassador's call can be regarded as U.S. recognition, Sunthon said "yes," adding that the ambassador was satisfied with our work—we have carried out our duties as we have promised to the people and to foreign countries. He said representatives of EC countries have asked to meet him; they will be coming in the next few days. Asked if the attitude of other countries has improved, Sunthon said he thought so, but he did not know how others might view his group's action."

BAN MUANG's report on page 20 says: "At 1000 on 5 March, U.S. Ambassador Daniel O'Donohue paid a courtesy call on Gen. Sunthon at the Supreme Command Headquarters. He was accompanied by Kasemsamoson Kasemsi, permanent secretary of the Foreign Ministry.

"Speaking to reporters after the meeting, Kasemsamoson said the U.S. ambassador called to congratulate the National Peacekeeping Council for the successful formation of a civilian government. Regarding a call by a U.S. senator for a cut in U.S. assistance because he opposed the NPKC's power takeover, Kasemsamoson said that this was an opinion among different opinions in the United States. Therefore, opposition to the takeover is not an important issue; what is important is that Thai-U.S. relations continue and develop further. He said the U.S. ambassador affirmed that the conduct of duties has been satisfactory.

"Asked if this meant the United States is satisfied with what happened in Thailand, Kasemsamoson said it felt that the overall action was good and would lead to constitutionalized administration and democracy. The ambassador's call was made at the instruction of his government. Therefore, U.S. recognition of this government is not a question, Kasemsamoson said.

"Asked by reporters about the attitude of the U.S. ambassador toward the situation in Thailand, Gen. Sunthon said the ambassador's attitude was friendly and he was satisfied that we have solved the problems step by step as promised to the people. Regarding the planned cut of U.S. assistance, Gen. Sunthon said he did not bring up the subject, because assistance must come from the giver, not asked by us.

"Asked if the ambassador's call amounted to recognition of the government, Sunthon said he was satisfied that we have done what we promised. He said that in addition to the United States, representatives of several countries will call on him to convey their recognition, such as EC countries.

"Asked if this indicated that the attitude of foreign countries has improved, Sunthon said he felt this is the case but he really did not know how others viewed the situation."

ZHONG HUA RIBAO's report, on page 4, says: "U.S. Ambassador to Thailand Daniel O'Donohue, accompanied by Permanent Secretary for Foreign Affairs M.R. Kasemsamoson Kasemsi, called on General Sunthon Khongsomphong, NPA chairman and supreme commander, at the Supreme Command Headquarters at 1000 yesterday.

"After the meeting, the permanent secretary for foreign affairs told reporters that "the U.S. ambassador congratulated the NPA chairman for the successful formation of a civilian government. The ambassador also stated that Thai-U.S. relations are still very good and hoped that they would continue to develop."

"The U.S. ambassador is pleased with the rapid development of Thailand and held that the current change in Thailand is a change for developing to a correct democratic system.

"NPA Chairman General Sunthon told newsmen after the meeting that the United States had recognized the current status of Thailand. Representatives of EC countries will call on him during the next few days.

"General Sunthon gave the above remarks after receiving U.S. Ambassador to Thailand Daniel O'Donohue. He said that the United States had expressed a friendly attitude toward Thailand and had also agreed with the NPA's measures on solving problems step by step. In addition, EC countries have also arranged for meetings with him.

"Asked about the U.S.'s early announcement to cut its aid to Thailand, General Sunthon said that both sides had not discussed this issue. He added that assistance comes from the giver, and was not asked for by Thailand. However, General Sunthon stressed that the United States is very satisfied with Thailand's performance in carrying out its promises to the people and friendly nations. This shows that the international community's attitude toward Thailand's current situation has improved."

XING XIAN RIBAO's report on page 4 says: "Permanent Secretary for Foreign Affairs M.R. Kasemsamoson Kasemsi told reporters at the Supreme Command Headquarters yesterday that "U.S. Ambassador to Thailand Daniel O'Donohue's meeting with NPA Chairman General Sunthon Khongsomphong sufficiently indicated that relations between the two countries do not change.

"M.R. Kasemsamoson yesterday accompanied the U.S. ambassador to call on NPA Chairman General Sunthon at the Supreme Command Headquarters.

"He said that the U.S. ambassador was instructed by Washington to extend congratulations to NPA's formation of a civilian government.

"Asked about what the U.S. reaction to the military takeover of power is, M.R. Kasemsamoson said that the United States felt that movements of the NPA were good and would eventually lead to democratic administration under the constitution. However, a few U.S. congressmen who did not know the facts were disgusted with it while most of them sympathized with the movements.

"Asked whether or not the meeting amounted to recognition of Thailand, he said that there was no question about this issue."

"General Sunthon Khongsomphong, supreme commander and the NPA chairman, said that the United States was satisfied with the NPA's formation of a government after the takeover of power as promised to the people.

"Regarding U.S. suspension of aid to Thailand, General Sunthon told reporters after his meeting with U.S. Ambassador to Thailand Daniel O'Donohue at the Supreme Command Headquarters yesterday morning that assistance comes from the giver, and was not asked for by Thailand.

"General Sunthon said that the U.S. ambassador's meeting with him showed that relations between the two countries were still good. Recognition or lack thereof is not a question.

"Asked whether or not ambassadors from the EC countries have contacted him to meet with him, General Sunthon said that EC countries had informed him on meeting with them. However, the date of the meetings have not yet been fixed. He said that the international community had begun to understand the situation and had shown a better attitude toward Thailand."

XIN ZHONG YUAN RIBAO's report, on page 16, says: "Permanent Secterary for Foreign Affairs M.R. Kasemsamoson Kasemsi said that U.S. disagreement with the NPA's action is not an important issue. What is important is whether or not relations between Thailand and the United States still exist and will continue to develop.

"The permanent secretary for foreign affairs talked to reporters after accompanying the U.S. ambassador to call on NPA Chairman General Sunthon. He said that the U.S. ambassador was instructed by the U.S. Government to congratulate the NPA chairman for the formation of a civilian government."

"Asked whether or not the United States will recognize the interim government of Thailand, the permanent secretary for foreign affairs said there would be no problem concerning this issue.

"General Sunthon told reporters after the meeting with the U.S. ambassador that the United States has recognized the position of Thailand. The U.S. ambassador expressed a friendly and satisfactory attitude because the NPA would follow its promises to gradually solve the problems of the country. The ambassadors of the EC countries are scheduled to meet him during the next few days."

2d Phase of Foreign Exchange Liberalization Set

BK0603020591 Bangkok THE NATION in English 6 Mar 91 p B2

[Text] The second phase of foreign exchange liberalization will take effect from April 1. The Foreign Exchange Department of the Bank of Thailand has issued the following guidelines for the general public:

Exchange Regulations

—Rules and regulations: The legal basis for exchange -restriction in Thailand is derived from the Exchange Control Act (B.E. 2485) [1942] and the Ministerial Regulation No. 13 (B.E. 2497) [1954] issued under the Exchange Control Act (B.E. 2485) [1942]. These laws set out the principles of controls under which notifications and notices that prescribed the detailed procedures were issued.

—Administration: The Bank of Thailand has been entrusted by the Ministry of Finance with the responsibility of administration of foreign exchange. All foreign exchange transactions are to be conducted through authorized banks. Authorized persons (money changers) only engage in the purchase of foreign notes and travellers' cheques and the selling of foreign notes.

—Prescription of currency: There are no special requirements concerning the currency to be used for financial settlements with foreign countries, but payments are generally made in U.S. dollars.

Currency Regulations

—Foreign currency: People living in Thailand are required to surrender foreign exchange received to an authorized bank or authorized person or to deposit the same in a foreign currency account within 15 days from the date of receipt. Travellers passing through Thailand, foreign embassies and international organizations are exempted from this rule.

Forward coverages, swaps and options are generally permitted between genuine traders and authorized banks.

—Local currency: There is no restriction on the amount of Thai currency that may be brought into the country. A person travelling to Thailand's bordering countries and to other countries may take out local currency up to Bt [baht] 100,000 and Bt50,000 respectively without authorization.

Bank Deposits

—Foreign currency account: A Thai individual and juristic person in Thailand are allowed to maintain foreign currency accounts under the following conditions:

1) The accounts are opened with authorized banks in Thailand and with funds that originate from abroad;
2) The accounts may be withdrawn either for payments of normal business transactions to people outside the country upon submission of supporting evidences or for conversion into baht at an authorized bank;
3) The total amount of daily outstanding balances in all accounts must not exceed US$5 million for a juristic person and US$500,000 for an individual.

—Non-resident baht account: Non-residents may open such accounts with any authorized banks in Thailand. Funds may be freely credited into the accounts but funds credited for the following settlements require prior approval from the Competent Officer:

1) As payment for the purchase of immovable assets or securities abroad by residents;
2) As payment for investment or lending abroad by residents or for remittance to Thai emigrants living abroad in excess of the authorized amount.

No restriction is imposed on drawing funds from the accounts, including conversion into foreign currency for remittance abroad.

Trade

—Exports: Exports are free from any exchange restriction, but export proceeds value exceeding Bt500,000 must be collected within 180 days from the date of export and surrendered to an authorized bank or deposited in a foreign currency account with an authorized bank in Thailand within 15 days from the date of receipt.

—Imports: Importers may freely purchase or draw foreign exchange from their own foreign currency accounts for import payments. Letter of credit may also be opened without authorization.

—Transactions on invisibles: All receipts from invisibles must be surrendered to authorized banks or deposited in a foreign currency account within 15 days from the date of receipt.

Payments for invisibles such as service fees related to foreign trade, educational expenses or family allowances abroad can be made freely.

Foreign Tourists

There is no restriction on the amount of foreign exchange and Thai currency that may be brought into the country.

Foreign visitors or those in transit may freely take out of the country all foreign exchange which they had brought in without limit. However, they may not take out Thai currency exceeding Bt50,000 per person except for trips to Thailand's bordering countries where an amount of up to Bt100,000 per person is allowed.

Foreign currencies may be exchanged at any authorized banks, currency exchange services (operated by authorized banks) or authorized money changers. Banking hours are from 8:30 a.m. to 3:30 p.m. from Monday to Friday, except bank holidays. Currency exchange services are open from 8:30 a.m. to 10:00 p.m. daily, while some authorized money changers open daily from 10:00 a.m. to 5 p.m. and beyond. Some offer 24-hour service, mostly in hotels.

Credit cards are acceptable in major establishments in Thailand and may be used to obtain local currency at pre-arranged authorized bank or currency exchange services as well as at some automated teller machines.

Foreign Investments

Foreign investors are allowed to invest through the setting up of business or equity participation and invest in the Securities Exchange of Thailand. Foreign investments in Thailand which receive promotional privileges from the Board of Investment are accorded various incentives and special benefits.

There is no restriction on capital investment and foreign borrowing. Remittance of investment funds and foreign loans into Thailand are freely permitted without limit, but foreign exchange inflows in the form of capital and loan must be surrendered to authorized banks or deposited in a foreign currency account within 15 days from the date of receipt.

Repatriation of investment funds, dividends and profits as well as loan, repayments and interest payments thereon, net of all taxes, may be made freely.

Securities, promissory notes and bills of exchange may be sent abroad without restriction.

Foreign direct investments by residents or lending to their affiliated companies abroad for amounts not exceeding US$5 million per year do not require prior authorization. Beyond this amount, permission must be obtained from the Competent Officer. Remittances to Thai emigrants with permanent residence permits abroad are allowed up to US$1 million a person yearly provided that funds are derived from the emigrants' personal assets. Remittances of funds abroad between relatives are also allowed up to US$100,000 per person yearly.

Residents may hold and trade domestically gold jewelry, gold coins and gold bullions. Import and export of gold other than jewelry are subject to licensing by the Ministry of Finance. Foreign tourists are freely allowed to take out gold ornaments.

[Bangkok THE NATION in English on 6 March on page B1, under the headline "What It Means," also adds the following summary of major effects expected from the second phase of foreign exchange liberalization:
["The main concessions that will accrue from the second phase of foreign exchange liberalization are:]
["—Exporters and importers can capitalize on foreign currency transactions.
["—Big businesses can get offshore loans through local banks with more ease.
["—Baht will be more independent of the U.S. dollar, and the yen and the mark will carry more weight in the basket of currencies.
["—Local interest rates will be freer.
["—More monetary instruments likely.
["—Settlement of forex [foreign exchange] accounts will be easier."]

Banks Investigate Former Leaders' Assets

BK0603021791 Bangkok THE NATION in English 6 Mar 91 p A3

[By Charuwan Loetwinyu and Sam-Ang Wutthisaksathit]

[Excerpt] The extent of the wealth of 25 politicians marked for a thorough investigation into corruption charges is still shrouded in mystery, although commercial banks and financial institutions have checked their accounts at the order of the military council.

Meanwhile, it was reported yesterday that Prime Minister Chatchai Chunhawan's wife, Thanphuying Bunruan, managed to withdraw Bt [baht] 14 mllion from a bank account before her family's assets were frozen by the military junta on Monday.

Apart from reporting the findings to the National Peacekeeping Council [NPKC], chairmed by Gen Sunthon Khongsomphong, commercial banks and other financial institutes have also followed the council's order to freeze the assets of the 25 and their family members. The 25 include former premier Gen Chatchai Chunhawan, close aides and previous members of the Chatchai I and Chatchai II Cabinets.

But the banks found only minimal cash in the bank accounts and, even worse, the available evidence was mostly from inactive accounts opened some four or five years ago, even before Chatchai rose to premiership in August 1988, banking sources said yesterday.

In one case, only about Bt30,000 was left in a local bank account of Chat Thai secretary-general Banhan Sinlapaacha and his wife in their home province of Suphan Buri. In another case, Bt3 million was found in a bank account of former deputy industry minsiter Saman Pummakanchana.

Banking sources complained that the order by the NPKC could hardly be effectively followed because the banks could never know who the daughters of the 25 politicians are if they did not share the same family name.

The NPKC provided the financial institutions with virtually no details on the identities of the "immediate family members" of the 25, the banking sources said.

In addition, the NPKC also gave the financial institutions very little time to do the difficult job, they said. "We were given less than 24 hours to do it," said a banker who asked not to be identified.

Meanwhile, Dr Chaiwat Wibunsawat, an assistant governor of the Bank of Thailand, yesterday dismissed speculation that the central bank may postpone its full compliance with International Monetary Fund (IMF) rules for relaxing controls on foreign exchange to prevent a massive capital outflow by those afraid that their assets would be confiscated.

"If the schedule for complying is postponed, investors will lose confidence in the government's fiscal policy," he said.

The assistant governor said that the Thai government pledged last year to further liberalize its foreign exchange restrictions and therefore it should go ahead according to schedule in order to maintain Thai and foreign confidence in the continuity of Thailand's fiscal policy.

Central Bank Governor Wichit Suphinit and other top-ranking officials of the bank, as well as Suthi Singsane, the chief economic adviser of the NPKC, recently explained to Gen Sunthon the need for sticking to the schedule, Chaiwat said.

Banking sources said it was unlikely that those who had their assets frozen would seek cooperation from bankers to find "technical ways" to transfer their wealth out of the country while they were under close watch.

"They probably have already transferred the illegally acquired wealth to others whom they trusted before the coup," a source commented.

Wichit told reporters that the Bank of Thailand will not take any action to stop capital outflow, even if a massive one was sparked by panic over political uncertainties.

"I don't think we need to intervene in a hypothetical situation because we are confident of our country's financial strength, with up to $15.5 billion in foreign exchange reserves, almost twice the standard acceptable level. With those reserves, our country could pay for the import of goods for six months without any export revenue," the governor said. [passage omitted]

Navy Signs Contract With FRG Firm for Carrier

BK0303033691 Bangkok BANGKOK POST in English 3 Mar 91 p 4

[From the "Inprint" column]

[Text] LAK THAI weekly reported that Navy Commander-in-Chief Admiral Praphat Kritsanachan on February 9 signed a contract for the Bremer Vulken Company of Germany to build a 7,800-ton helicopter carrier worth 4,800 million baht on a special procurement basis.

There was no special signing ceremony and the company's representatives were called to sign the contract one day after they arrived in Bangkok.

A Navy source said the Navy could save at least 500 million baht because the Navy had requested the German firm to maintain the old price while new customers will have to pay the new price.

The carrier is scheduled for completion and delivery to the Thai Navy in 1994.

Vietnam

Postwar Situation in Gulf Region Discussed

BK0503160791 Hanoi Domestic Service in Vietnamese 1430 GMT 4 Mar 91

[QUAN DOI NHAN DAN 4 March article by Tuan Binh: "Uncertain Future of the Gulf Region in the Postwar Period"]

[Text] At 1200 Hanoi time on 28 February the guns fell silent in the Gulf region, thus relieving mankind as its great concern was alleviated. The happiest people are of course the Kuwaitis and Iraqis as well as persons whose loved ones participated directly in this war. They felt relieved because the catastrophe of the war did not reach the serious degrees predicted. For the United States, the Gulf war was not a second Vietnam War. During the 42-day war (17 January-28 February), loss of life to the U.S. side was minor given the scale and intensity of the war. There was no fierce fighting in the air, sea, and ground war and it felt as if the war was waged by one side only. Although nations throughout the world were warned of retaliation attacks to be carried out against the enemies of the Arab people and Islam, no serious cases were reported. Meanwhile, both of the warring sides threatened to use lethal, nuclear, biological, and chemical weapons in the war but that did not happen. There were no waves of oil released from oil depots rushing to the coastal regions of the Persian Gulf and spreading to all oceans as threatened. The worrisome carbonic clouds were not thick enough to eclipse sunlight to our planet and the heat from burning oil wells was not severe enough to increase the temperature of the atmosphere.

Although the war was waged in the world's largest oil-producing region, the price of oil was not higher than the $40-60 range a barrel as predicted. Mr. Bush, of course, satisfied with his success in driving the Iraqi troops out of Kuwait and in causing serious damage to the military and economic potential of Iraq, thereby gained the status of the number one military superpower in the world. Mr. Bush, unlike former U.S. Presidents Nixon, Johnson, or Ford, was supported by the majority of the American people in the Gulf war and it was luckly for him that loss of life and property in this war was not serious enough to fan antiwar sentiment in American society.

As for the Iraqis, they are the people who suffered the most. After the eight-year war with Iran, they again experienced a 42-day war with high-tech war equipment and the most destructive weapons of the century.

Experiencing a two-decade war against the Americans and their henchmen, the Vietnamese people clearly understand the consequences of the war. As a result, they sympathize with the Iraqi people who must make very great efforts to overcome numerous difficulties and heavy war consequences to rebuild their country. As it was, however, the Gulf war has caused serious damage to mankind and people in the Gulf region.

Although the war with high-tech weapons and equipment ended quickly and easily, efforts to set up a new order in the Gulf region during the postwar period in accordance with the U.S. desire is not simple. The Gulf in particular and the Middle East in general is the crossroad of the political, economic, and cultural activities of countries of various continents and oceans. It is the region where almost 50 percent of the world's oil deposits were found. Since energy sources still play a vital role at present, all events in the region, more or less, affect the interests of many countries in the world. The Gulf region itself is fraught with serious conflicts such as those between Islam, Christianity, and Judaism; conflict among Arab countries in the region and that between the Arab countries and Israel; conflict between superpowers; and conflict between developed capitalist countries and nations in the region. Against this background are the struggle for national independence and democracy and the struggle against all forms of oppression.

After the Gulf war, the United States intends to maintain its long-term economic, political, and military presence in the region and wants its position at a higher level than in the prewar period. This strategic scheme, however, will undoubtedly encounter strong opposition from many forces. The superpowers, including those allied with the United States in the Gulf war, will not allow the United States to take an upper hand alone while nations in the region will not sit idlely to let a country friendly to the United States like Israel build up its superiority. Moreover, the sacred aspiration of the Palestinian people in the postwar period should not be forgotten. As a result, though the Gulf war was temporarily ended, the outbreak of other conflicts is still possible. Only when people in the Gulf really achieve independence and freedom and can determine their fate and destiny without foreign interventions will peace and security in the Gulf region be ensured. Regrettably, this was not included in the scenario of the imperialist forces.

Radio on Post-War Reconstruction

BK0503124591 Hanoi International Service in English 1000 GMT 5 Mar 91

[Station Commentary]

[Text] Evidently, after hours of joy when guns fell silent in the Persian Gulf, the people in that region are worried about how to quickly heal the wounds of war. Not only people in that region, but also those in other parts of the world are very concerned about how to rebuild the war-ravaged nations. At present, many countries are engaged in rebuilding Kuwait. With the atrocities of more than 40-day-long war, it was estimated that it would take $U.S. 50 billion to rebuild Kuwait within 10 years and thus scrambles for contracts to be signed with Kuwait started even before the complete end of the war.

So far 170 contracts worth of $U.S. 1.25 billion have been concluded in which the United States accounted for 70 percent, and this percentage may reach 94, to amount to what it spent in the war.

Britain and France, the two countries that joined the United States in the coalition force in the Gulf War, cannot sit with folded arms to see the United States make profits.

In late February, France held talks with the Kuwaiti leaders on reconstruction contracts in the country. Meanwhile, 14 companies of Japan have received orders to supply 12,000 tonnes of (?pyro piles) [as heard] for the reconstruction of oil establishments in Kuwait.

As it is necessary to rebuild what has been destroyed, however, the Kuwaiti people and those in other countries have mixed a feeling of happiness and sadness. If the United States and other countries had shown restraint and entered into negotiation to solve the conflict, the war would not have broken out and billions of dollars for reconstruction would be saved. If this amount of money has been spent on food and medicare, millions of people in this planet would not have to live in misery and starvation.

Another question being asked after the war is that when would the United States with allied troops withdraw completely from the Gulf region? France and Britain have already declared their time schedules for their troop pullouts but the United States has not yet made any statement on this issue. A spokesman for the U.S. President stated that the U.S. would withdraw its troops from the Gulf region without putting forth any promised timetable. The American newspaper, THE NEW YORK TIMES, on February 27 said the U.S. has nearly completed the post-war plan in the Gulf region and in this plan, the infantry, air and naval forces would stay on in that region. The paper also disclosed that the U.S. presence in the Gulf would not last longer but did not say how long. [sentence as heard] The U.S. also intended to invite some regional countries to send troops to the Gulf together with U.S. troops. These units will play the role of fire brigades to take part in the fire when necessary.

There is no doubt that the United States will maintain its troops in that part of the world. This is a concern of the people in the Gulf as the guns fell silent. Although the war was ended, the danger of war still drags on. Only when the nations in the Gulf regain independence and freedom and exercise their right to self-determination without foreign intervention and foreign military presence, can peace and stability be achieved in this region.

Regrettably, the United States still fails to do so.

Report on Emigration Talks With U.S.

BK0503153791 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Feb 91 pp 1, 2

[Report by External Affairs Service of Ho Chi Minh City on results of 24-25 January meeting in Hanoi of Vietnamese and U.S. specialists on emigration to U.S.]

[Text] On 24 and 25 January, a meeting of Vietnamese and U.S. specialists was held in Hanoi to discuss measures to accelerate emigration to the United States under the three programs of the Orderly Departure Program (ODP), Humanitarian Order (HO) and Amerasian Children. Attending the meeting were representatives of the High Commissioner for Refugees (HCR) and the International Organization for Migration (IOM) in Ho Chi Minh City.

All participants in the meeting unanimously agreed that good results have been achieved in 1990 under the ODP. The number of emigrants has increased considerably with 71,279 persons including 54,153 to the United States (23,065 under ODP, 13,128 under HO and 17,960 under the Amerasian Children Program), 8,279 persons to Australia, 4,325 persons to Canada, 1,280 persons to France, and 3,292 persons to other countries. This had doubled compared with the 1989 figure.

As for implementation of these three programs in 1991, the U.S. side asserted that it would interview 100,000 persons and 70,000-80,000 would be accepted. Effective April 1991, the number of persons to be interviewed will increase to 10,000 each month and from July to September 1991, some 8,000 people will be accepted.

To satisfactorily implement the HO program, upon our recommendation, the U.S. side agreed to accept the relatives of those who died after they had been interviewed. The U.S. side also agreed to interview their married children on condition that these people are sponsored by their brothers or sisters (either on the wife's or husband's side).

In response to the Vietnamese request, the U.S. side agreed to flexibly interview those who had been in reeducation for less than three years (the United States previously required more than three years) on condition that those people were in concentrated reeducation camps for a year and had formerly studied in or worked for the United States for at least one year.

As for the Amerasian Children Program, the U.S. side disclosed that in November 1990, U.S. Congress approved a by-law expanding the Amerasian Children Program to authorize the acceptance of relatives from both sides of the married Amerasian children who were previously denied.

At present, there are 20,000 Amerasian children with their relatives whose names have been handed over to the U.S. side but have not been interviewed. The remaining names will be handed over to the U.S. side before June 1991. Both sides agreed to complete interviewing all Amerasian children and their relatives by the end of 1991 and moving all of them by September 1992. Nevertheless, the November 1990 by-law on Amerasian children is left open and can be extended by both sides until the program can be completed.

Regarding the ODP, as proposed by the U.S. side and with a view to creating favorable conditions for the U.S. side to quickly increase the number of persons to be interviewed and accepted in 1991, we agreed to hand over the lists of names up to F17 to the ODP office in Bangkok (thus far only lists up to F08 have been forwarded). However, we suggested that the U.S. side let us know about the situation of 140,000 people on the lists already handed over to the U.S. side so that the people involved could know when they would be interviewed and be able to arrange their own family affairs. The U.S. side promised a prompt reply to these cases.

The U.S. side agreed to cooperate with us and issue documents to more specifically explain U.S. immigration law so that Vietnam can publish it more broadly in the press to help applicants for emigration better understand and decide their application for departure.

We requested the U.S. side explain why it rejected 157 persons with Letters of Introduction (LOI) in November 1990 even though these people were its former employees. The U.S. side promised to report the cases to its higher echelons and will give us a reply later.

Answering our question about whether those sea escapees who have returned from refugee camps can be accepted under the ODP, the U.S. side said that they can be accepted under ODP if they are sponsored by their relatives in the United States and that they must proceed from Vietnam and not from refugee camps.

Participants in the meeting also discussed measures to increase the transportation of emigrants and agreed with the IOM representative's proposal to hire the U.S. Northwest Airlines to transport emigrants beginning April 1991. We asked the U.S. side and the IOM to make every effort to move emigrants directly from Tan Son Nhut to the United States without a stopover in Suan Plu in Bangkok as it is doing now. The U.S. side promised to study the proposal and will grant visas to the individuals upon leaving Tan Son Nhat airport.

The meeting took place in an atmosphere of cooperation with all sides making efforts to reach agreements aimed at accelerating the implementation of ODP in the days ahead.

State of Cambodia's 'Goodwill Attitude' Hailed

BK0603112591 Hanoi Domestic Service in Vietnamese 1430 GMT 5 Mar 91

[Duong Quang Minh Commentary: "The Principled Stand and Goodwill Attitude of the State of Cambodia"]

[Text] At the closing ceremony of its recent extraordinary session, the Cambodian National Assembly has made public its stand on a solution to the Cambodian issue based on the following three points:

1. An overall political solution to the Cambodian conflict must include concrete measures for preventing the return of the Pol Pot regime.

2. The necessity of maintaining the political and military status quo pending the formation of a new government through free and fair elections.

3. Giving the United Nations an important role in resolving the Cambodian conflict provided that that role conforms to the UN Charter and the principle guaranteeing the respect for the Cambodian people's sovereignty and right to self-determination. That role of the United Nations must be decided by the Supreme National Council [SNC] in its capacity as representative of Cambodia's sovereignty.

Through this three-point stand, the Cambodian National Assembly has once again demonstrated the principled character of the settlement of the Cambodian issue and the willingness of the Cambodian state and people to work together with the world community in bringing about stability in Cambodia.

Under its three year, eight month, and 20 day reign, the genocidal Pol Pot regime massacred millions of Cambodians through the most barbarous means and left behind a trail of destruction throughout the land of Angkor.

Twelve years have elapsed since the collapse of the genocidal Pol Pot regime but the nature of that regime has remained unchanged. Pol Pot and his cohorts still nurture a dark scheme aimed at reestablishing their genocidal regime in Cambodia. With the help of certain countries, they continue their nibbling and land-grabbing operations in the western border area of Cambodia, killing many innocent civilians and opening fire even at a transit camps for refugees.

Both the Western and Southeast Asian press have repeatedly provided facts about the new crimes of the Pol Pot clique and maintained that this clique must stand trial before an international tribunal similar to the Nuremberg Court which tried war criminals.

The Cambodian National Assembly's demand that an overall political solution to the Cambodian issue must include concrete measures for preventing the return of the Pol Pot regime conforms to the Cambodian people's aspirations and meets the requirement of progressive people worldwide.

Over the past 12 years, following the collapse of the genocidal clique's oppressive machinery, thanks to their sustained efforts, the Cambodian State and National Assembly have successfully healed the wounds of war, overcoming the disastrous consequences caused by the Pol Pot clique, building a new life, maintaining national security, and effectively implementing national and international policies.

Enraged at these achievements, the enemy of the new administration in Cambodia has tried by all means to destroy the popularly elected state system. A number of countries are lending a helping hand to the genocidal clique in its attempts to dissolve the Cambodian state and Army and to create conditions for the reactionary Cambodian forces to return to Cambodia and get what they have failed to get through military strength.

Sharpening their vigilance, the Cambodian people are resolved not to fall into the enemy's trap, constantly reminding themselves that only the Cambodian state and Army can guarantee conditions for national progress, maintain public security, and secure the people's right of mastership. Therefore, it is of utmost importance to maintain the political and military status quo pending the formation of a new government in Cambodia through free and fair elections.

The State of Cambodia's goodwill stand on the world community's efforts to help reach a solution to the Cambodian issue has been demonstrated once more. At its recent extraordinary session, the Cambodian National Assembly greatly appreciated and highly valued the UN's efforts reflected in the draft plan on an overall political solution to the Cambodian conflict put forth on 26 November 1990 by the big five and the two cochairmen of the Paris International Conference on Cambodia.

The Cambodian National Assembly maintained, however, that a number of clauses of this document do not conform to the principle guaranteeing the respect for the Cambodian people's right to self-determination and the UN Charter. The Cambodian National Assembly also reiterated that the role of the UN must be decided by the SNC in its capacity as representative of Cambodia's sovereignty.

We hail the principled stand and goodwill attitude that the Cambodian National Assembly has adopted toward a solution to the Cambodian issue. In a statement issued on 28 February, our Ministrty of Foreign Affairs called on the Cambodian parties and the countries concerned to help suspend foreign military aid, effect a cease-fire, and reconvene the SNC so as to open the way for an overall political solution to the Cambodian issue.

15,000 Japanese Expected To Visit Vietnam in 1991

BK0503152291 Hanoi VNA in English 1446 GMT 5 Mar 91

[Text] Hanoi VNA March 5—About 15,000 Japanese are expected to visit Vietnam in 1991 to explore business opportunities, according to an estimate from the Japan-Vietnam Trade Relations Association.

The association also made known that the total volume of trade between the two countries in 1990 increased by 70 percent over the previous year, but that the Japanese investment in Vietnam is standing at a very low level of 71 million US dollars due to the U.S. embargo against Vietnam.

French Finance Ministry Official Visits Vietnam

BK0503041291 Hanoi Domestic Service in Vietnamese 1430 GMT 5 Mar 91

[Text] At the invitation of the Vietnam Ministry of Finance, Mr. Jacques de Chalendar, inspector general of the French Ministry of Finance and president of the Vietnam-France Economic Cooperation Sub Committee in the Joint Committee on Vietnam-France Economic, Cultural, Scientific, and Technological Cooperation paid working visits to the Vietnam Ministry of Finance and some related ministries and sectors from 21 February to 5 March 1991.

During his stay in Vietnam, Mr. de Chalendar was received by Nguyen Co Thach, minister of foreign affairs and president of the Joint Committee on Vietnam-France Economic, Cultural, Scientific, and Technological Cooperation, and Minister of Finance Hoang Quy. Mr. de Chalendar also had working sessions with the People's Committee of Thừa Thien-Hue Province and some universities in Ho Chi Minh City.

Doan Chuong Discusses National Construction

BK0503145591 Hanoi Domestic Service in Vietnamese 2330 GMT 3 Mar 91

[Essay by Lieutenant General Doan Chuong for the "Vietnamese People's Army" radio program dealing with the topic "All for a Prosperous and Powerful Country"]

[Text] At present our country is facing not just one, but two great challenges. The first challenge is that our poor economy and technology base present a need for us to struggle to narrow the gap in progress between our country and other nations in the world to make up for what has been lost during the years of destructive war. Some people maintain that it is because of our persistence and strictness that we suffer. Such an allegation may unwittingly benefit the aggressors' position. Nothing is more precious than independence and freedom. We should not live like enslaved people. We have regained independence and our fatherland has been reunified. This serves as a basis for us to struggle to surge forward. As Uncle Ho put it: Independence may lose its meaning if an independent country fails to ensure happiness and freedom for its people.

The second challenge is how to ensure the survival of socialism and our fatherland in the face of attempts by the imperialists and reactionaries to eliminate socialism on this planet. After winning certain success in East Europe, the enemy is developing its gains by directing its spearhead attack at the Soviet Union and other remaining socialist countries. Vietnam is not an exception because the enemy once suffered a disastrous setback in this country.

We should not lay emphasis on national construction alone as suggested by a certain citizen because this would amount to a major mistake. The law of survival and growth of our nation and the law governing the socialist revolution have one point in common: Building the country must be accompanied by defending the country; and building socialism must go together with defending the socialist fatherland. Today there is an external maneuver to eradicate socialism in this region. And it is certain that after the enemy's successful imposition of its will in the Gulf, this maneuver will be accelerated more vigorously.

The above two challanges are interrelated. Failing to build socialism and to satisfactorily improve the people's lives, we will hardly be able to maintain political stability and be strong enough to defend the country. Conversely, failing to maintain political stability and create a peaceful environment, we will hardly be able to build socialism.

The actual situation of our country is marked with interesting points:

First, with self-motivation and positive efforts, we have secured a relatively peaceful situation throughout the country. But this does not mean that there are no more hotspots.

Second, we consistently maintain the socialist path already chosen. However, we have taken the initiative in resolutely carrying out comprehensive renovation with appropriate steps. That is why in reality we have achieved many very important initial results and have therefore reduced the effect of our crisis. However, the country is still not yet free from the lingering socioeconomic crisis.

Third, our party, while still firm in its leadership role, is gradually democratizing the entire social life, thus constantly maintaining political stability. However, the country is not truly safe.

Fourth, we are facing a turbulent and challenging international situation. International relations are rather complicated and the previous system of international subsidy no longer exists.

It is necessary to achieve a thorough unity of views in the entire party, people, and Army over the actual state of affairs of the country and the challanges now confronting it if we are to jointly struggle to overcome difficulties and ordeals in moving forward steadily. Our correct course of political action at present is to uphold the spirit of independence, sovereignty, self-reliance, and frugality for national construction and defense; continue to struggle to maintain lasting peace and stability; concentrate on building the economy and the nation; overcome difficulties; and free ourselves from the current crisis so we can make steady headway. Meanwhile, we should uphold vigilance and be ready to cope with all contingencies and to firmly defend the socialist Vietnamese fatherland.

While placing the task of building socialism above all, we should not be negligent, lose our vigilance, and belittle the task of national defense. We should not resort to the use of shopworn and empty words. Instead, we should come with an inspiring motto that calls for closely linking personal gains with collective interests and that promotes the struggle for the common goals of the country and the people. The motto could be something like: Every individual should double their effort for the sake of our prosperous people and powerful country.

Grass-Roots Party Organizations Hold Congresses

BK0503122191 Hanoi Domestic Service in Vietnamese 2300 GMT 4 Mar 91

[Text] Since early February, 60 to 80 percent of the grass-roots party organizations in the northern provinces have held first-round congresses. In the southern provinces, congresses are being held at a slower pace. From 10 to 15 March, a number of provinces and municipalities will finish holding grass-roots party congresses. In particular, some provinces will wind up this task before 5 March to begin preparation for upper-level congresses, due in late March and early April.

Many important contents of the draft documents of the Seventh National Party Congress were discussed in these grass-roots party congresses. Issues that drew the most attention were agricultural production, land management mechanisms, social policies, the human strategy, the renovation process, and the path of development of the Vietnamese revolution, and some specific points of the party statutes. Generally speaking, these grass-roots party organization congresses were conducted in a serious manner following careful preparation, resulting in meaningful suggestions, concrete and lucid proposals, and lively discussions.

However, some party organizations proceeded in a cursory and unsatisfactory fashion. In Ha Son Binh Province, 20 grass-roots party organizations had to hold their congresses a second time because less than two-thirds of delegates were present on the second day of the congresses. Some party congresses devoted only a half-day to their congresses, tackling three tasks at the same time: summing up opinions discussed in party chapter meetings, making additional suggestions, and electing delegates to atend upper-level congresses. Contents of some discussions failed to closely follow the key questions.

Some issues generated contrasting views and suggestions but were not cleared through discussions.

Generally speaking, elections of delegates to upper-level congresses were conducted in a democratic and serious manner. However, in a few localities, because of the lack of clear-cut conclusions about the shortcomings of the party chapters and party members concerned, especially in those places where there were still complaints about candidates, some party organizations failed to uphold the close relationship between cadres' standards and the personnel structure. Among the delegates elected by many party organizations to attend upper-level congresses, there were no party members who were peasants, workers, or civil servants directly engaged in production, business, or official work at the grass-roots level.

Vinh Phu Prepares for Local Party Congresses

BK0503063291 Hanoi Domestic Service in Vietnamese 1100 GMT 4 Mar 91

[Text] As of late February Vinh Phu Province had basically finished preparations for first-round local party organization congresses. The province chose Phong Chau District, some party chapters and party organizations directly subordinate to provincial organs' party organizations, and a number of subward party chapters of Viet Tri City's party organization as pilot units to hold congresses under provincial guidance to draw experience before convening congresses in the rest of the province.

For the first-round congresses, Vinh Phu has collected 48,000 suggestions to the Draft Platform for the Building of Socialism in the Transition Period and nearly 26,000 suggestions to the Draft Strategy of Socioeconomic Stabilization and Development Up to the Year 2000. Since early February, various party chapters and grass-roots party organizations have arranged for cadres, party members, and the public to make tens of thousands of suggestions to the other documents of the Seventh National Party Congress.

Ha Nam Ninh Party Committee Holds Meeting

BK0603095791 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 3 Mar 91

[Text] After gaining experience in organizing discussions to obtain the cadres, party members, and people's opinions on the party draft platform and the draft on the strategy of the socioeconomic development, the Ha Nam Ninh Party Committee held a meeting for the province leading cadres to understand the administrative points of view of the party Central Central Secretariat, and to expand the work of obtaining opinions from cadres, party members to the three documents which will be presented to the Seventh Party Congress: the draft of political report, the draft of party construction, and the revised party regulation report.

Cadres from sections, sectors of the provincial, district party committees were sent to help towns, villages, and grass root organizations to organize discussions and to compile different opinions.

The provincial party standing committee also closely directed all levels, all sectors to review all work done in the last five years, 1986-1990, to prepare to contribute opinions to the draft document of the 5th provincial party congress, and elect representatives to attend higher level party congresses.

In the process of preparation and execution of the party congress at all levels, the provincial Executive Party Committee also collaborated in important works in 1991. It motivates a movement for the whole party and people to jointly concentrate on economic development.

Fiji

AFP: Miners Rebuff Government Intervention

BK0603054291 Hong Kong AFP in English 0520 GMT 6 Mar 91

[Text] Suva, March 6 (AFP)—Striking workers at Fiji's Australian-run gold mines rebuffed attempts by the interim government Wednesday to become involved in their week-long dispute.

The Fiji Mine Workers Union (FMWU) said it had rejected a police proposal to involve Industrial Relations Minister Taniela Veitata in talks to try to settle the strike which started after 200 workers walked off the job last Wednesday. The strike is over alleged racial discrimination and poor conditions. It involved 400 more workers by the weekend and by Wednesday their ranks had swelled to 850.

FMWU secretary and strike leader Kavekini Navuso said the workers felt the government had collaborated with the Emperor Gold Mining Company in the past and "should be kept out of this."

"We've not asked for his intervention, and it's not necessary to have the government involved here, because it could become political and dangerous," Mr. Navuso said in a telephone interview.

At the same time, the Fiji Trades Union Congress (FTUC) accused Emperor's Chief Executive Geoffrey Reid of being "a mercenary who crushed the union in 1980 and over the last 10 years tried to crush attempts by workers to revive the union".

FTUC Secretary Mahendra Chaudry claimed that about 1,200 local miners, ethnic Indians and Fijians, live in sub-human conditions at Vatukoula, the gold mining district on Fiji's west coast.

"Each barracks has about 100 people and they have to share about three communal bathrooms and similar number of toilets and a common kitchen." Added to their plight, he said, were what he described as "low wages, appalling work and safety conditions in the mines and victimisation of workers involved in union activities."

The Brussels-based International Miners Federation on Tuesday protested to Emperor over its intransigence and to the government for its "apathy" towards the plight of mineworkers.

Mr. Chaudhry hs appealed to the strikers to refrain from violent demonstrations, and Mr. Navuso said the workers were continuing their protest "in a civilised way".

The mineworkers' union meanwhile has objected to the police over the "large riot squad presence in Vatukoula".

Mr. Navuso said the entire mine operations "have been virtually paralysed but this firm seems to still show stubborness".

Emperor's resident manager Andrew Cullum said the company's directors were meeting Wednesday today to sort out options for cutting costs.

Gold is one of Fiji's premier industries. Its exports have averaged around 42 million U.S. dollars for the last three years, making it the fourth largest export earner behind sugar, tourism and garments.

Papua New Guinea

Government Accused of 'Keeping Quiet' on Unrest

BK0603114391 Hong Kong AFP in English 1040 GMT 6 Mar 91

[Text] Port Moresby, March 6 (AFP)—The Papua New Guinea Government is deliberately keeping quiet about a collapse in law and order which threatens the country's multi-billion-dollar mining industry, a leading industrialist alleged Wednesday.

Greg Anderson, of the Chamber of Mines and Petroleum here, compared tribal unrest in parts of the highlands to the war of secession on Bougainville Island which has claimed at least 80 lives and closed the giant copper mine there for a year.

Operations threatened by blockades and communications failures include the Porgera gold mine in Enga province and Kutubu Oil project in the neighbouring southern highlands province, Mr. Anderson said in an interview with the POST COURIER newspaper.

His remarks contrasted sharply with claims by Prime Minister Rabbie Namaliu in December that massive foreign investment in Porgera and Kutubu was proof of outsiders' confidence in Papua New Guinea.

Mr. Anderson said the government was "coming round with the hat" for contributions to help finance the 1992 world exposition in the Spanish city of Seville while it hushed up the situation at home.

"It seems that leaders know what is happening and they are keeping quiet about it," he said.

"This is most disturbing for the companies. At least a media statement from leaders condemning the incidents would reassure the companies that something was being done."

Telephone communications to Porgera, 600 kilometres (330 miles) north-west of here, had been cut for the past two weeks, depriving executives of a link with buyers and information about mineral prices, Mr. Anderson said.

Roads leading to Porgera through Nebilyer Valley in the Western highlands province were cut owing to unrest, he went on.

"Nebilyer Valley is now being referred to as a mini-Bougainville," Mr. Anderson said.

Mr. Namaliu, in an outspoken attack on the Australian media before Christmas, said that foreign investors had maintained their confidence despite the situation on Bougainville because of the government's firmness.

Dismissing what he called "grandstand experts," the prime minister said: "The most effective answer for those who want to downgrade Papua New Guinea is the massive investment taking place in areas such as Porgera and Kutubu."

Mr. Anderson asserted that villagers had blocked the road leading to the Kutubu oilfield and were refusing to let supplies and equipment through.

Six multinational companies have entered a 800-million-dollar joint venture with the government to develop the field, which is believed to contain recoverable reserves of 170 million barrels of oil.

Meanwhile, Mr. Anderson said, people were threatening to set up "human barricades" on the highlands highway leading from the coastal city of Lea, 400 kilometres (250 miles) north of here.

The threat came from locals who were insisting that trucking companies hand over a share of their profits.

The truckers had until March 15 to agree to pay protection money, or face the risk of attack.